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# AGRICULTURAL FINANCE REVIEW



FARM CREDIT  
FARM INSURANCE  
FARM TAXATION

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## INFLATION AND THE BANKING SITUATION

Fred L. Garlock

Like our other major wars, World War II generated strong inflationary forces. It brought an enormously expanded need for armaments, munitions, and other war goods. These, added to essential civilian needs, could be supplied only by straining every resource. It caused the Federal Government to borrow vast sums from the public and from banks, thus increasing the public debt and expanding our monetary supply. As the funds raised by the Federal Government were spent, our national income was increased. The enlarged purchasing power of civilians and the limited goods available for them to buy created what was known at the time as the "inflationary gap."

Although substantial price increases were necessary to provide incentives for increased production, prices were kept pretty well under control during the war and for a time thereafter. However, the purchasing power of the public, combined with accumulated needs and shortages of many goods, caused prices to rise sharply when the controls were removed. Despite increased production during the last year, urgent need of goods for domestic use and export, backed by the purchasing power created during and since the war, have forced prices further upward to a point where they are causing general concern. There are many reasons for such concern, but one of the most important arises from the fear that high prices may lead to a recession such as followed our earlier wars.

Without attempting to appraise the prospects for continued prosperity or recession, it may be pointed out that the monetary and debt situations developed in World War II differed from those developed in World War I and - for that matter - other periods of prosperity such as that of the 1920's. In World War II debt expansion occurred almost exclusively in the Federal sector - there was little increase of private debts - and all but an insignificant part of the monetary expansion was based on the increase of Federal debt. This contrasts with the earlier periods when private debts were largely expanded and most of the increase in money supply was based on the increase in private debts. As prices dropped following these earlier expansions, much of the private debt became insecure, resulting in forced liquidations, and banks and

other lenders often called for payment of loans merely because they needed the money. The resulting liquidations of private debts and the contraction of the monetary supply added materially to the other depressive factors then at work.

Because of the different financial developments in World War II, the condition of our commercial banking system, through which most of the monetary expansion took place, and the financial condition of farmers and others, is much stronger than in 1920 or 1929. From this it appears that there is now considerably less danger of drastic debt liquidation and monetary contraction than in those earlier times and that, as a consequence, any downward adjustment of prices which may occur, in the near future at least, will not be so intensified by credit and monetary restrictions as has been the case in past recessions.

### Commercial Banks and the Monetary Situation

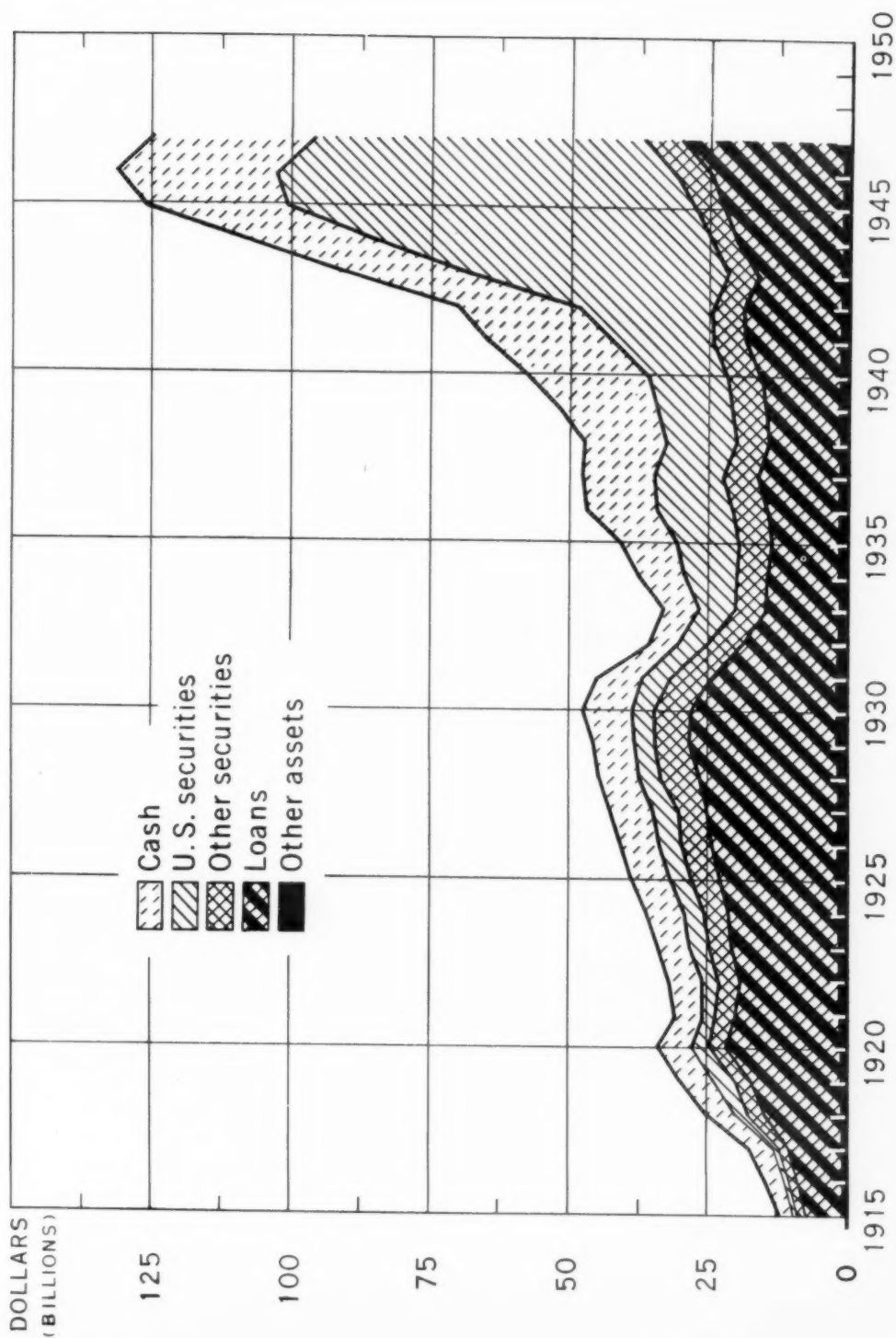
The reasons for these views are developed by considering first how monetary expansion and contraction occur. Although our money includes currency and coins, for the most part it consists of bank deposits, and bank deposits usually expand or contract as a result of commercial banks increasing or decreasing their loans and investments.<sup>1/</sup> Thus most of our money has resulted from the "monetization" by banks of various forms of public and private debt.

Figures 1 and 2 show the volume and relative importance of the various types of debt so monetized by members of the Federal Reserve System since 1915. Before 1930, the principal type of debt monetized by the banks was private debt, represented mainly by the banks' loans but also by a part of their "other securities." In the great expansion of World War II, during which bank assets nearly doubled, Federal debt became the dominant type, as much so as loans had been in the earlier period. As the assets of banks are represented, on the liability side, chiefly by deposits, the picture described by these data is that of an enormous increase in the monetary supply of the country since 1933 and a fundamental change in the basis for such money. Before the depressions of 1920-21 and 1929-33 our monetary supply was based mainly on the debts of farmers, business concerns and others; now it is based mainly on the Federal debt.

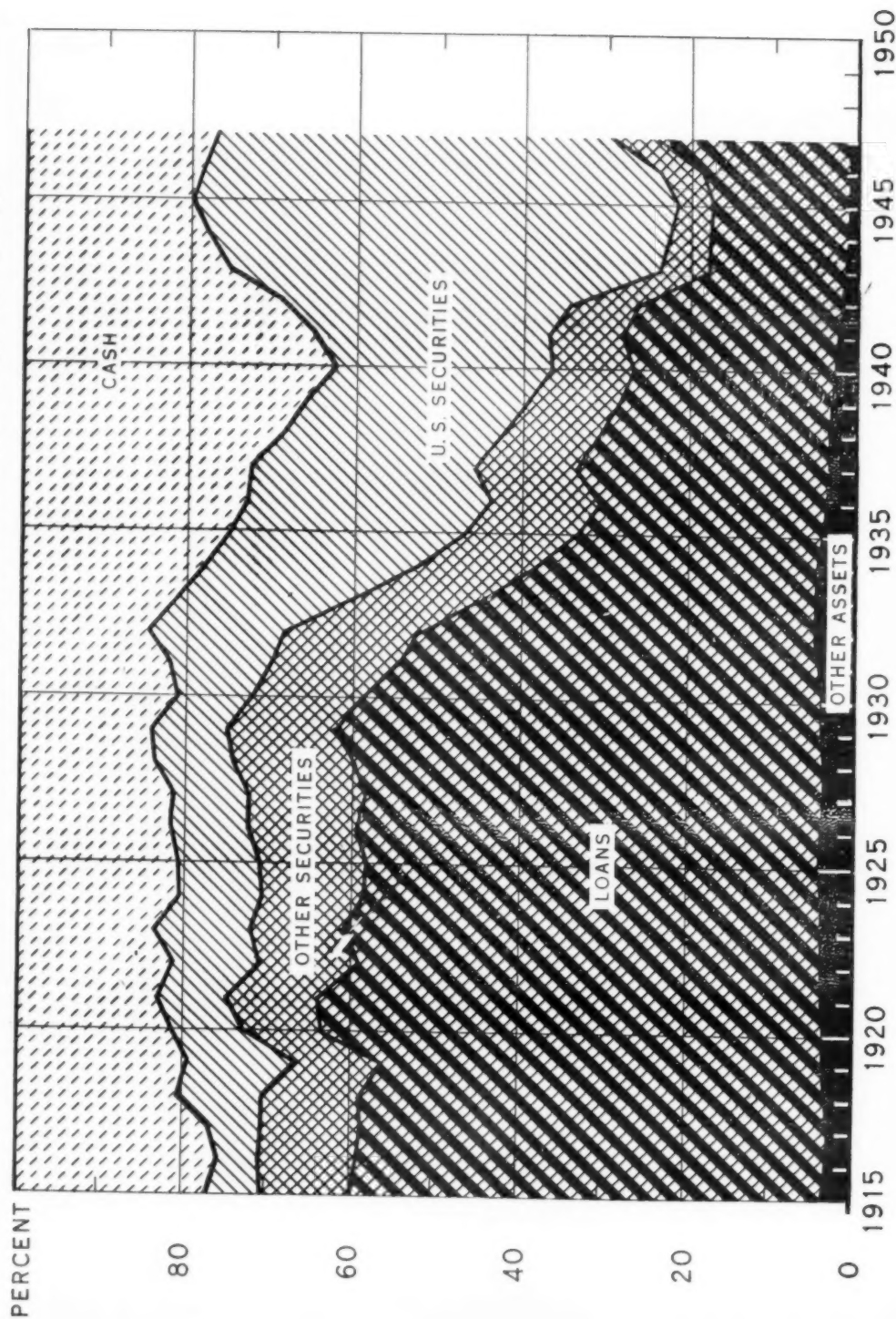
There have been many periods of economic and bank expansion in this country's history. Most of them have been followed by a period of recession and monetary contraction which worked great hardship. Considering the country as a whole the monetary contraction of 1920-21 was not very drastic (reduction of deposits was about 8 percent), yet it was accompanied and followed by much agricultural and business distress. The much greater contraction from 1929 to 1933 (30 percent reduction of bank deposits) was accompanied by infinitely

<sup>1/</sup> Some fluctuations of bank deposits result directly from gold imports or exports, and some directly from the operations of the Federal Reserve banks, but such fluctuations are of minor importance as compared to those resulting from the loans and investments of commercial banks. The effects of gold movements and operations of the Federal Reserve banks on bank deposits are chiefly indirect but they are highly important because they enlarge or diminish the reserve base for the banks' loans, investments and deposits.

# ASSETS OF MEMBER BANKS OF THE FEDERAL RESERVE SYSTEM, JUNE 30, 1915-47



# PERCENTAGE DISTRIBUTION OF ASSETS OF MEMBER BANKS OF THE FEDERAL RESERVE SYSTEM, JUNE 30, 1915-47



U. S. DEPARTMENT OF AGRICULTURE

FIGURE 2

NEG. 46567 BUREAU OF AGRICULTURAL ECONOMICS



harsher conditions and it was followed by a long period of very slow business and agricultural recovery. Banking disorders greatly aggravated and intensified the difficulties of these periods. Forced liquidations of loans in both depressions drove prices down by flooding the markets with products that normally would have been held and used or sold off more gradually. Failure of banks to meet current credit requirements reduced the buying power of their communities. Bank failures immobilized badly needed purchasing power and led often to forced liquidations of loans.

### Causes of Past Monetary Deflations

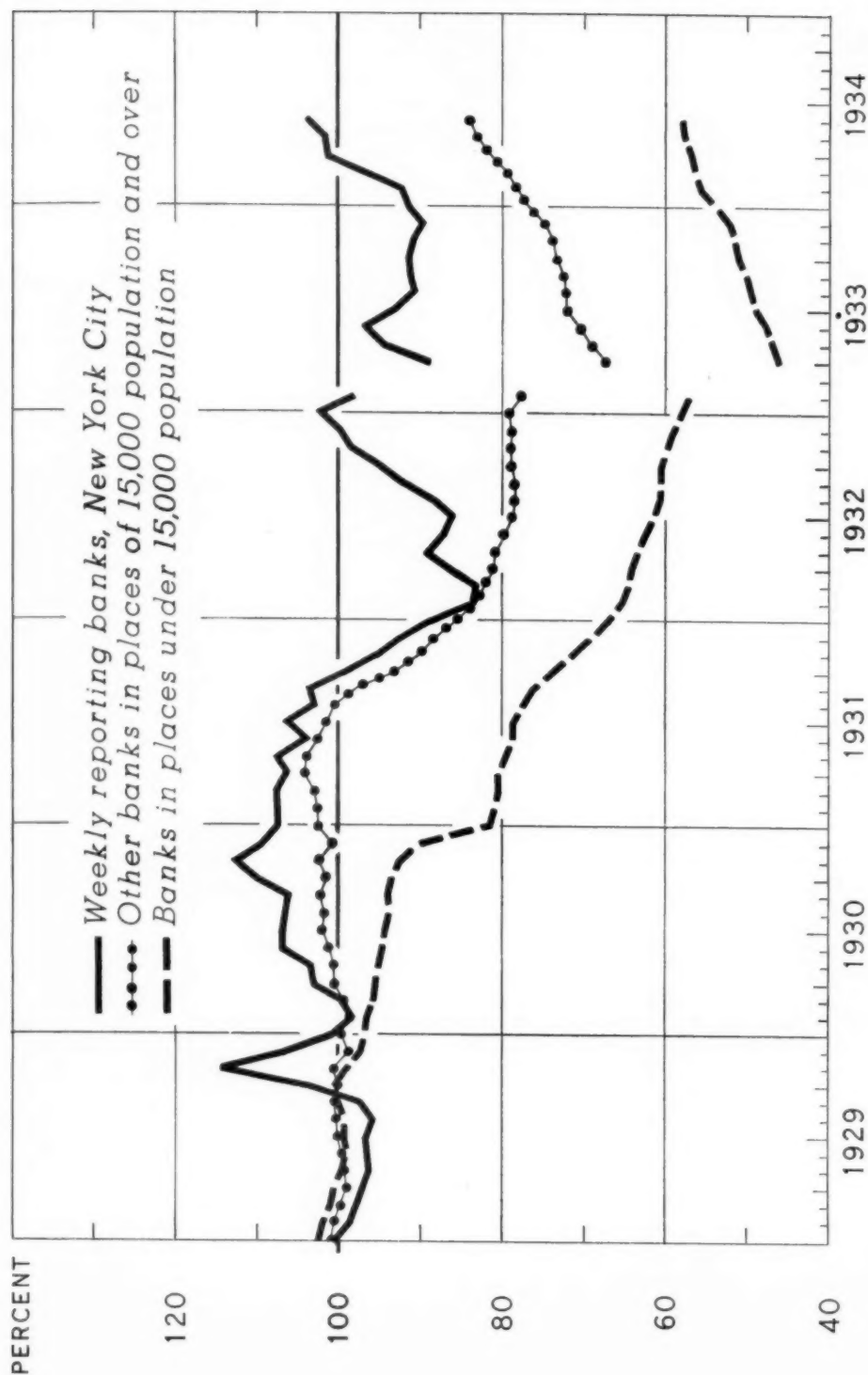
In view of the relationship between bank deposits, and bank loans and investments, it may not be clear from consolidated data such as are shown in figure 1 why the drastic monetary contraction of 1929-33, or the lesser one of 1920-21, occurred. Why did the banks not increase their loans and investments or, at least, hold them at a stable level and thus avoid the monetary restrictions that accentuated the distress of those times?

In the first place, the banking system of this country is not composed of a single institution, subject to one management and capable of shifting reserves from one point to another according to need. In 1920, the system consisted of about 29,000 separate units or banks, and in 1929, after about 5,700 banks had been suspended, it still consisted of about 24,000 units. Each of those units had its own assets, liabilities, capital funds, and management, and each was primarily subject to the conditions affecting its own community. Through the Federal Reserve and correspondent bank systems, it was possible for banks that were in trouble to get some help from other banks, but the other banks were not willing to take over their losses. Also the amount of money that other banks would advance, particularly on local loans, was limited. To a large extent each of these thousands of units had to stand on its own feet.

Agriculture was quickly and severely affected in both the recessions of 1920-21 and 1929-33. Farm prices dropped and farm incomes were reduced to such a point that farmers could not maintain their deposit balances. Reduced farm incomes caused country banks to lose deposits and reserves to banks in other parts of the country (fig. 3). Unfortunately, few country banks in those times had any substantial volume of earning assets that could be easily transferred to other banks. Most of their assets could not be transferred at all, and a substantial part of the remaining assets could be transferred only at a considerable discount in price. To offset the outflow of reserves, most country banks found it necessary to collect local loans and to curtail new lending, with the further depressive consequences previously noted. In such banks liquidation of bank loans occurred as a measure of protection against adverse clearances. The only way the monetary supply could be maintained was for other banks to increase their loans or investments by an amount equal to the assets liquidated by the banks which were under pressure. Even had the monetary supply been thus maintained, the banking situation probably would still have had a strongly depressive influence. This would have been true unless means had been found to restore the lending power of banks in the seriously affected areas and to end the forced liquidation of loans there taking place.

# COMBINED NET DEMAND AND TIME DEPOSITS OF MEMBER BANKS, JANUARY 1929-JUNE 1934

INDEX NUMBERS (1929=100)



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FIGURE 3

NEG 46565

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In the early phases of the depressions, banks in the less affected areas did act in a way which relieved a considerable part of the pressure on country banks. They discounted large amounts of country bank loans (or made direct loans to country banks on them) and purchased securities that country banks were selling. However, some of the banks in other areas could not expand because they, like country banks, served industries which were quickly affected by depression influences. Moreover, it was not long before the reduced purchasing power of the quickly depressed industries affected sales by other industries. As this occurred, many business and manufacturing concerns found that their credit requirements for carrying inventories and receivables were reduced, and they accordingly paid part or all of their loans at banks. Thus voluntary liquidation was added to forced liquidation as a force tending to reduce the monetary supply. On several occasions as the depression deepened panicky transfers of funds from this country to other countries placed heavy strains on the larger banks in our financial centers and caused them to husband their liquid resources.

The liquidation following World War I was short-lived on a Nationwide basis. Recovery came quickly to the industrial sector of the economy. It was accompanied by an expansion of bank credit which extended throughout the 1920's despite a long-continued liquidation of bank credit in agriculture. The liquidation of bank credit which started in 1930, however, became cumulatively more drastic until it ended in the Banking Holiday of 1933. Throughout this period, the money supply was progressively reduced, not only by the forced and voluntary liquidation of loans in active banks, but by more than 9,000 bank suspensions which immobilized nearly 7 billion dollars of purchasing power represented by the deposits of the closed banks. It appears probable that the banking system might have been able to arrest the monetary contraction long before mid-1933 had it not been for the epidemic of bank failures. These first caused public confidence in banks to wane and finally ended in frantic runs in all parts of the country and transfers of funds abroad that culminated in the temporary closing of all banks in March 1933.

#### Elements of Greater Strength in Present Situation

Although there are still about 14,000 independent units in our banking system, a number of developments give confidence that our banking situation today is much stronger than in the times above described. Public supervision of banks has been improved, thus helping to correct many earlier deficiencies of banking practice. Through Federal deposit insurance, it has become possible to spread losses within the banking system so that they are far less likely to fall on the depositors of banks. This should help greatly to prevent future withdrawals of currency by depositors and thus to lighten the strain on banks. In addition, the powers of the Federal Reserve banks to extend credit to banks have been expanded, and there are now more agencies capable of providing assistance to banks which may find themselves under pressure.

One of the chief sources of the greater strength of our banking system is the dominant place of Federal securities among the assets of banks and the wide distribution of such securities among the banks. A large proportion of

such securities held by banks in agricultural areas has short maturities.<sup>2/</sup> As the short-term securities mature, the bank holding them may elect to take cash rather than to subscribe to a refinancing issue; and the Federal Government, in such case, will have to refinance them elsewhere, except as it may have available cash for purposes of redemption. As it is inconceivable that the Federal Government should not be able to refinance its short-term securities at other banks, such securities provide country banks with a means of meeting adverse balances such as are likely to be incurred if another depression should develop. At the same time they protect the country at large against a forced contraction of bank credit. In addition to the short-term Federals, the banks hold large amounts of long-term Federals. Unless supported, presumably these could depreciate substantially in the event of another severe depression, as was the case in the 1929-33 recession. However, it is commonly assumed that they will be supported by the Federal Reserve banks, should need arise. It is probable also that banks in the financial centers and other areas would purchase substantial additional amounts of such securities if their reserves and deposits were to increase as a result of transfers from the agricultural areas and if country bank offerings were large.

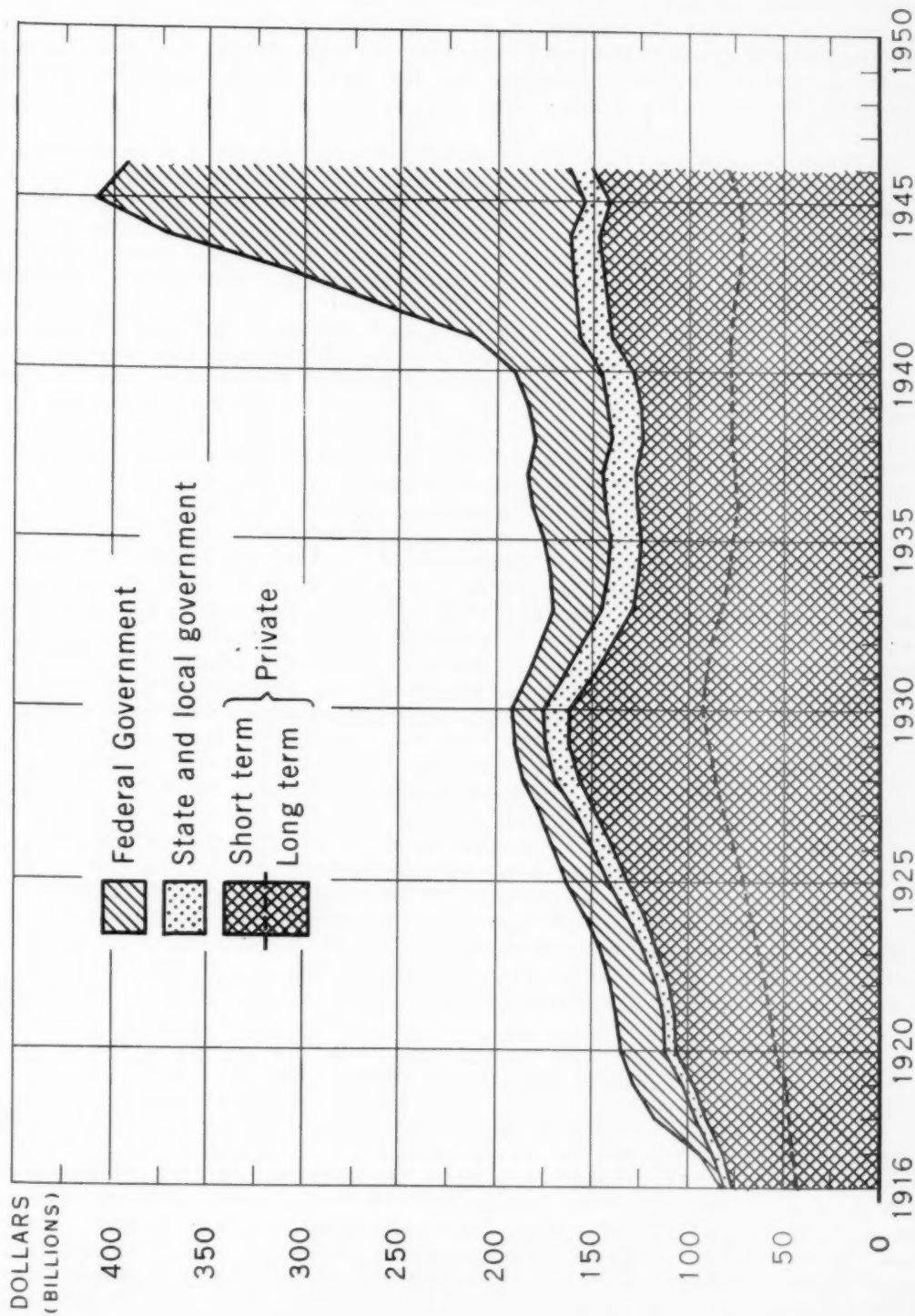
It thus appears that banks generally now hold a large volume of earning assets which could be quickly shifted within the banking system from one area to another if substantial transfers of deposits and reserves should occur. This is a condition which never existed before any of the depressions of the past, when the banks held chiefly local loans. It holds out the promise that, if banks in any area should suffer adverse clearances because of depressed conditions, they would be able to meet their obligations to depositors without engaging in such restrictive local credit policies as have characterized the past. A substantial voluntary liquidation of bank loans might occur if prices and business volume were to fall, but even if bank loans should decrease 50 percent, as was the case in active banks from 1929 to 1933, the resulting decline of bank deposits would be only about 12 percent, as compared to the 30-percent decline of deposits which occurred in the early thirties. So long as the banking situation remains substantially as it is at present, a recession of prices or business volume would not be likely to bring as drastic monetary disturbances as those that aggravated and intensified earlier depressions.

#### Bank Assets and The Debt Structure

The changes that have been described in the banking situation in part reflect the results of banking experience, but they are mainly the result of basic changes in credit needs and in the debt structure of the country. As credit institutions, banks find it necessary and desirable to gear their operations into the current needs of the time, subject to such legal limitations and administrative precautions as govern their business. Thus the fact that borrowing was mainly private borrowing and that the debts of the country were chiefly private debts until World War II largely explains why loans were the principal asset of banks during most of the prewar period (fig. 4). Likewise, the dominance attained by Federal securities in the assets of banks during

<sup>2/</sup> See article by Robb, T. Bruce, *An Eye-Opener on Country Banks' U. S. Bonds II*, *Banking*, January 1947, p. 32.

# NET PUBLIC AND PRIVATE DEBT, END OF CALENDAR YEAR, 1916-46



World War II is explained by the fact that most borrowing during this period was done by the Federal Government and that Federal debt then became the country's principal form of indebtedness. Back of such reasons, of course, are the conditions and policies responsible for the shift of emphasis from private to Federal borrowing.

Within these extremes the position of banks in the credit structure has been determined by a number of factors, such as the lending power of the banks, the demand for loans, and the availability and cost of suitable investments for the banks. Current views as to the types of assets suitable for banks to acquire and current outlets for various types of assets in case the banks should need to liquidate them, also have figured prominently in the decisions of bankers.

In World War I, despite the fact that Federal debt increased slightly more than private debt, the banks made their expansion mainly in the private-debt sector (part of it secured by Federal debt). This was partly because the Treasury financed itself at that time mainly with long-term bond issues which were not much favored then for bank investment, and partly because of the strong demand for private loans. An additional factor was the rediscount facilities offered for loans by the Federal Reserve banks. During the 1920's, expansion of the country's total debt occurred exclusively in the private and in the State and local government sectors but the banks had become enthusiastic about "secondary reserves" of marketable securities and expanded their holdings of all kinds of securities, including Federal, as well as their loans. In the early thirties, owing to the banking difficulties above described, the banks reduced their participation in the credit operations of the country, mainly through liquidation of loans, until their loans and investments represented only 18 percent of the total debt as compared with about 25 percent earlier. From this low position, they found it difficult to expand along traditional lines later in the 1930's when their reserves and lending power were greatly increased, mainly because there was little increase during this period in private demand for loans of the kinds that banks customarily handled. However, the Federal Government was incurring a deficit at the time and the banks were able to increase their holdings of Federal securities. World War II brought an enormous increase in the credit requirements of the Federal Government but little increase in private credit requirements, hence the expansion of bank credit during the war was based chiefly on Federal securities. By 1945 the expansion of bank credit was so great that the loans and investments of commercial banks represented 30 percent of the country's total debt. This was the highest percentage of debt "monetized" by the banks during the period covered by this review.

#### Strong Position of Private Debts

As has been noted, the large proportion of Federal securities among the assets of banks, which can be transferred easily from point to point within the banking system, has introduced an element of cohesion into our independent unit-banking system that has been sadly lacking in the past. It promises a much better functioning banking system for the future. A factor of equal importance from the standpoint of future developments is the current low volume of private indebtedness. Relative to national income and to the liquid funds in the hands of the people, private debts are now at an extremely low level as compared with



any earlier period. This also results from the fact that debt expansion during World War II was so largely confined to the Federal sector. It undoubtedly means that the people of the country, in their private capacities, are generally far better prepared now to withstand a setback if economic recession should develop than they were following earlier economic expansions. The improved position of farmers in this respect is treated elsewhere in this publication, and the national debt figures indicate that such improvement is widespread. A recession occurring under these conditions would not be likely to result in nearly as much credit distress and forced liquidation as was experienced in the 1920's and 1930's unless it reduced incomes to a point far below any reasonable probabilities. This factor alone should eliminate many of the grinding, deflationary forces which have developed in past recessions.

Such conclusion in no way overlooks the fact that the enormously expanded debt of the Federal Government is a collective obligation of the people of the country. However, the burden of servicing the Federal debt is distributed under our tax laws more in accordance with ability to pay than is often the case with private debts. More important still, a solution of any problem that might arise in connection with the Federal debt is far more likely to be based on considerations of national welfare than would be the case with private debts. In the former case, the problem would be recognized and treated immediately as a national problem, whereas in the past, at least, private debt difficulties have usually had to become widespread and extremely severe before they have been so treated. Just as our past banking disorders have resulted largely from the fact that there was not a single banking problem but a banking problem in each of many thousands of banks, so private debt difficulties have been compounded by the number of individual cases involved. It will appear much more urgent, and will prove much easier, to deal effectively with any debt problems of the Federal Government than with the debt problems of countless individuals.

#### Future Probabilities

Considering both the current banking situation and the relatively low level of private debts, it seems fairly certain that no very drastic curtailment of our monetary supply is likely to result from liquidation of bank loans even if a severe depression were to develop. A drastic curtailment of the monetary supply seems possible only if the volume of Federal securities held by banks is substantially reduced. This might occur if the Treasury were to refinance its outstanding notes and certificates with long-term issues that would be more attractive to the general public, or if the Federal Reserve banks were to liquidate any substantial part of their holdings of Federal securities, or, over a considerable period, as a result of payments on the Federal debt. Under ordinary circumstances, such measures would be taken gradually and would be abandoned if bad results were in evidence. Certainly no serious difficulties from these sources are to be anticipated in a time of depression. In fact, if depression were to develop, it is not unlikely that more Federal securities would be issued and that both commercial bank and Federal Reserve bank holdings of such securities would increase, as tax revenues would fall and steps would probably be taken by the Federal Government to maintain employment, prices, and business volume through public works and other measures.

The changing debt structure of the country and the changing condition of banks during the period covered give warning, however, that no situation is likely to remain static. During World War II the normal effects of credit and monetary expansion were to a large extent curbed by the various war controls. Since the abandonment of such controls, the dormant elements in the credit and monetary situation have been activated. Backed by urgent needs of both domestic and foreign origin and by shortages in some lines, they have manifested themselves in a rising spiral of prices, wages, incomes, and costs. With the imperfect means at hand of measuring the inflationary potential of our credit and monetary structure, it is uncertain whether such dormant elements have yet worked out fully.

This much is certain, however. Although the recent decline in total debt of the country shown in figure 4 and in bank assets shown in figure 1 could mark the end of credit and monetary inflation, it does not necessarily do so. Most of the recent decline in Federal debt was made by reducing Treasury bank deposits which for several years had been maintained at far above normal size. Future payments of the Federal debt must come from excess tax collections. The future rate of decline is thus likely to be much lower than that shown for 1946. Private borrowing has been increasing since 1945. If continued at the present rate, it will soon offset any reductions of Federal debt.

Herein lie the chief dangers of future banking and monetary disorders. The more prices and wages rise and become fixed parts of the cost structure, the more difficult it will be to adjust to lower demand for our products if such should follow the hoped-for recovery abroad. Also the higher will go the debts of farmers, businesses, and individuals, and the proportion of commercial bank assets represented by loans. Should such a process carry far, it could seriously undermine the present strength of our banking and monetary situation, and it might well multiply difficulties which could be bad enough without the addition of drastic credit liquidation and monetary contraction.

## AGRICULTURE'S USE OF CREDIT

Lawrence A. Jones



The volume of farm-mortgage debt, after declining for a quarter century, has been increasing since 1946. Non-real-estate or "short-term" farm debt likewise has risen sharply in the recent peacetime years, following relatively little change during the war period. As yet it is too early to determine whether this upturn in farm debt will be of short duration or whether it is the beginning of a longer upward movement. Nevertheless, recent debt patterns currently appear to be undergoing substantial change. This changing debt situation will undoubtedly have future serious implications for some individual farmers and it may possibly complicate the postwar adjustment problems for agriculture as a whole.

An examination of past credit use and of various economic factors may contribute to an understanding of the present farm-debt situation and may provide some clues as to possible trends in the future.

### Long-Term Trends in Agriculture's Credit Use

Basically the use of agricultural credit is related to the value of capital used in agriculture. Throughout the development of the Nation's agriculture to the beginning of the 20th century, farm land was relatively cheap. Much of it was given as outright grants to settlers or was sold at a cost of \$1.00 to \$2.00 per acre.<sup>1/</sup> The first agricultural census in 1850 showed the average value per acre of farm real estate at \$11.14, compared with Census averages of \$31.71 in 1940 and \$40.63 in 1945.

Land credit was sometimes extended by the Government, land companies, and other sellers, although apparently in small volume relative to the volume of farm mortgage credit now used. Little is known of the land-mortgage debt in the early days. However, historical farm-mortgage studies show that debt per acre of mortgaged farms in Story County, Iowa<sup>2/</sup> in 1860 and 1870 was \$3.83 and \$5.96, respectively, and during the early seventies in 11 Nebraska townships<sup>3/</sup> the debt ranged between \$3.00 and \$5.00 per acre. These same studies showed that by 1920 the debt per acre of mortgaged farms in Iowa had increased to \$111.24 and for the townships studied in Nebraska the average first-mortgage debt had increased to \$74.54 per acre. Even in 1930 after several years of debt liquidation the Iowa debt averaged nearly \$90 per acre and the Nebraska study showed an average of over \$50 per acre.

<sup>1/</sup> See History of Agriculture in the Northern United States 1620-1860, Bidwell & Falconer, p. 153.

<sup>2/</sup> Murray, W. G., An Economic Analysis of Farm Mortgages in Story County, Iowa, 1854-1931, Iowa State College and Experiment Station, 1933.

<sup>3/</sup> Hinman and Rankin, Farm Mortgage History of Eleven Southeastern Nebraska Townships, 1870-1932, Nebraska State College and Experiment Station, 1933.

The growth in the use of operating credit probably has been even more significant than the change in the use of land credit. In colonial days, agriculture, in general, was largely self-sufficient. Farmers produced most of their own food, fuel, clothing, and housing. Only in the specialized crop production of the plantation South, where cash outlays for slaves, marketing, and living were substantial, was the use of operating credit of any great significance. For agriculture as a whole, cash production costs in the early days were small. The use of fertilizer was practically unheard of, most livestock feed was home-grown and little machinery other than hand implements was available. Hired labor costs also were relatively small; before 1900 farm labor without board was paid less than a dollar a day compared with about \$2.50 in 1942 and \$4.75 in 1946. A closely related factor that tended to restrict the use of credit was the low cash income of most farmers, which did not create a large debt-carrying capacity. Further, the undeveloped nature of banking and lending facilities also limited credit use during much of our country's history.

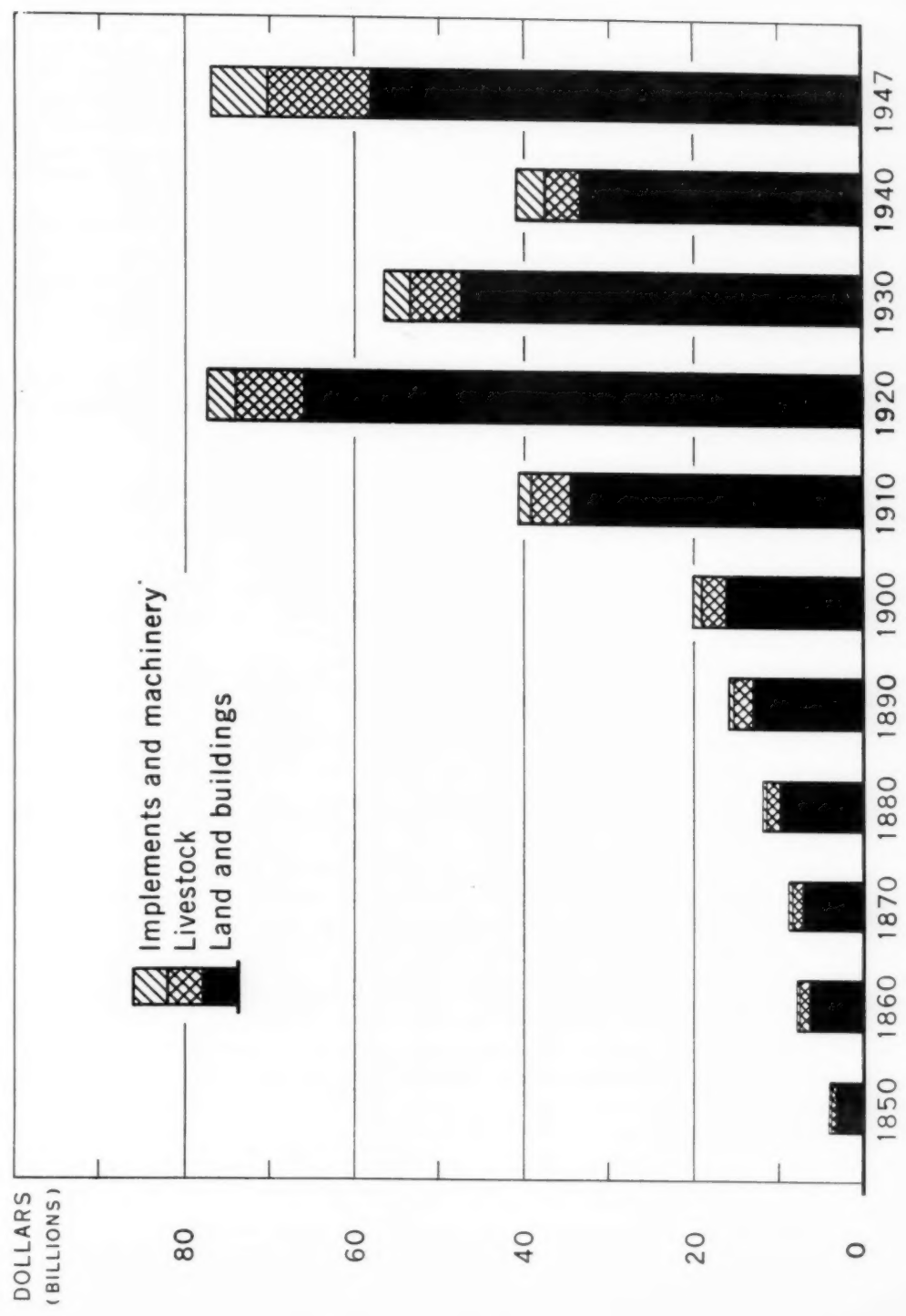
The first census of the major capital items used in the agricultural industry was in 1850. At that time the total value of farm real estate, livestock, and equipment was not quite 4 billion dollars. From 1850 to 1900 the value of farm property expanded at the rate of between 3 and 4 billion dollars each decade. After 1900, however, values jumped rapidly and had about doubled by 1910. By 1920 they were nearly four times as great as in 1900 (fig. 1). The total value of these three items at the beginning of 1947 was about the same as in 1920. Land, however, now is a smaller part of the total assets of farmers than in 1920. Of the several types of assets shown by the census, machinery on farms has shown the greatest rate of growth. In 1850 the value of implements and machinery was 150 million dollars. By 1900 the value was 750 million but with the development of the tractor, truck, and automobile about that time the volume of machinery soon began to expand rapidly. In 1920, after World War I, farm machinery was valued at 3,600 million; at the beginning of 1947 the value of all such machinery and motor equipment on farms was nearly 6,900 million dollars. Farm machinery and equipment now constitute nearly 9 percent of the total value of all real estate, livestock, and machinery used in the farming industry; until after 1910 machinery amounted to less than 4 percent of all these capital assets.

The growth in the capital requirements of American agriculture over the last century has increased the amount of credit used by farmers for buying and equipping farms.

Further, the trend in farming toward specialization and commercialization has resulted in a greater use of operating capital. Many farmers now specialize in the commercial production of only one or two crop or livestock products. Incomes are often received at infrequent intervals and many of the family living and household necessities that were formerly produced by the farm must be bought. These factors, combined with rising standards of living, particularly the adoption of modern conveniences, result in more dependence on credit for both living and production expenses.



# VALUE OF SELECTED TYPES OF FARM PROPERTY, 1850-1947



U S DEPARTMENT OF AGRICULTURE  
FIGURE 1 -  
NEG. 46574 BUREAU OF AGRICULTURAL ECONOMICS

Short-Term Changes in Credit Use by Agriculture

The long-term trends toward increased capitalization and greater specialization of the farm industry have increased agriculture's fundamental credit requirements. Around this basic credit trend there has been, and will continue to be, considerable short-run fluctuation. The factors that affect these short-run debt movements are particularly numerous and complex. Ordinarily, however, the use of credit by farmers is greatest in times of general prosperity.

An increasing demand for farm products is generally associated with rising business activity. This underlying force initiates a chain of reactions which result in an expansion of the use for farm credit. Profits in farming rise. The demand for land, livestock, machinery, and labor used in farm production increases. This increased demand for the relatively fixed supply of land and the limited supply of other production factors brings higher prices for them. Expansion in a rising price level results in higher costs and greater capital requirements which in part must be financed by many farmers through increased borrowing.

In a period of declining business prosperity and falling agricultural prices, profits from farming shrink. A changed attitude then takes place. The number of people who want to buy farms decreases and land values fall. Purchases of new machinery and livestock drop and the expansion of farm production generally ceases. Loans for the purchase of farm land, are fewer and smaller and credit needed for production decreases. During such periods there is a shifting in the purpose for which loans are usually made. Land-mortgage loans are then made to renew maturing loans, to refinance loans held by other lenders, or to refund short-term non-real-estate loans that cannot be repaid with the lower farm income. Because of the pressure on farmers to repay loans or to shift them to other lenders the need for credit may appear to be greater than usual, even though the total amount of credit actually used by farmers declines.

This sequence of factors is subject to considerable variation. The Iowa report mentioned above, (See footnote 2, p. 13.) which covers the period from 1854 to 1931, points out that there were seven definite peaks in land-purchase cycles - 1856, 1868, 1875, 1881, 1890, 1902, and 1920. These years were almost identical with the high points in the cycles of land-purchase mortgages. All of the years except 1875 were in periods of business prosperity. The report also showed that the years of low activity in land sales and mortgage recordings closely agreed with the years of increased foreclosures and debt reduction.

The fundamental cause of these debt changes, either up or down, according to the Iowa report, was changes in prices of farm products. Price data which are available for Story County, Iowa since 1869 substantiate this belief. In 1871, a year of low prices, there were a large number of foreclosures and a reduction of debt. In the subsequent year of high prices in 1875 the number of land purchases increased and mortgage debt rose. Again, debt reduction and foreclosures accompanied low prices in 1879. In the price rise of the early eighties, however, the expansion in land sales and mortgage debt was not so great as in 1875. Apparently, the memory of the depression of 1876-79 tended to curb land and debt activity in this period.

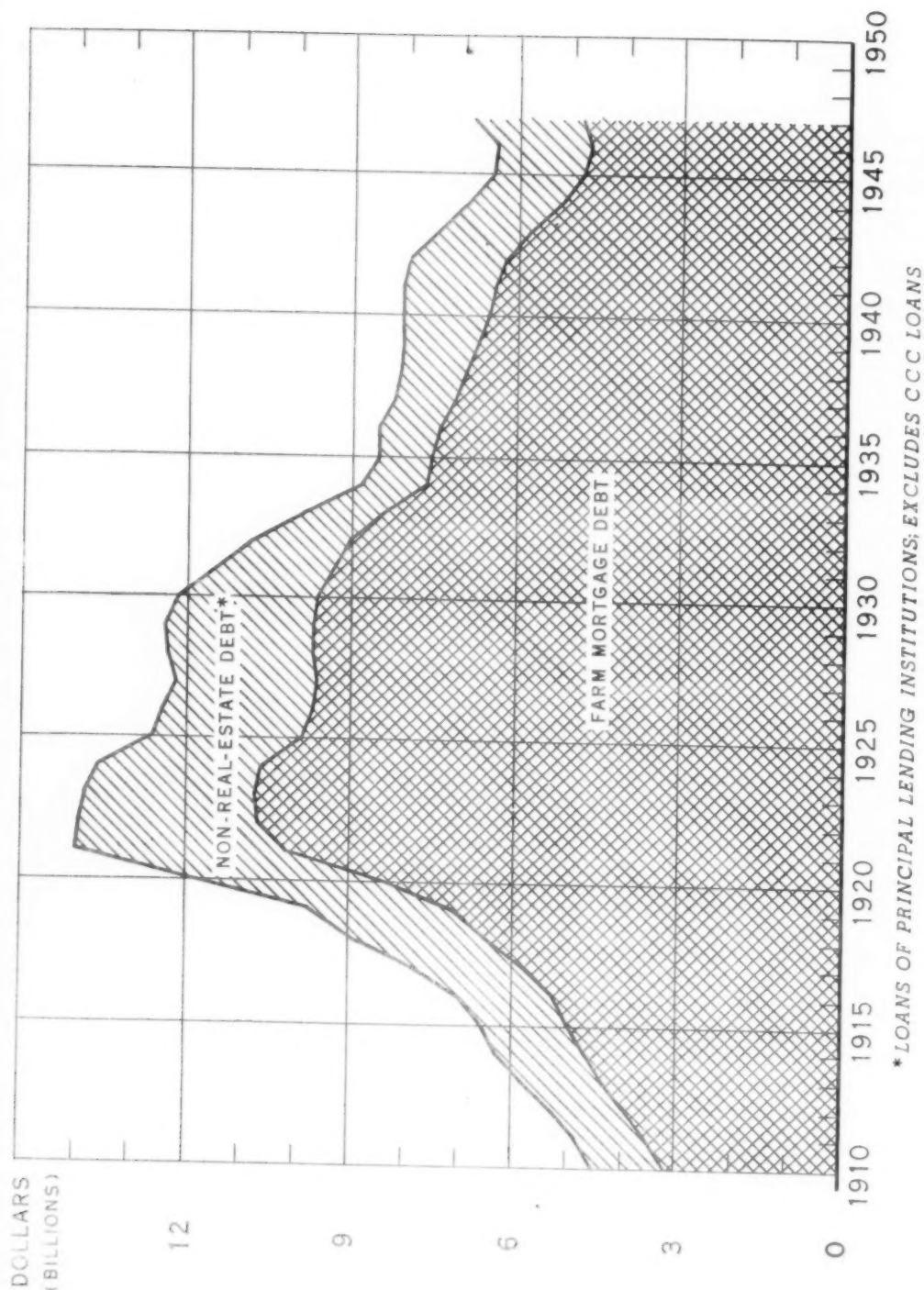
For the period since 1910, annual estimates of the total farm-mortgage debt for the United States are available (fig. 2). They make it possible to relate mortgage-credit movements more directly to other important movements in the agricultural economy. The trends of agricultural prices, land values, and voluntary transfers from 1910 to 1947 have been generally similar (fig. 3). The course of farm-mortgage debt has also been similar for most of this period, although its movement has sometimes lagged behind the movement of agricultural prices and land values. One exception was that the peak in mortgage debt was not reached until several years after the 1920 high point in agricultural prices, land activity, and land values. Another exception is the continued decline in farm-mortgage debt during the late thirties and early forties after farming began to recover economically. The forces that have influenced these apparent contrary movements are discussed later.

Not much is known of the volume of non-real-estate or "short-term" credit used before the twentieth century. Cash operating expenses were relatively small, however, and the credit used for such purposes is believed to have been largely secured by mortgages on farm land. But following 1900 the rapid trend toward commercialized and specialized farms, with increased production and living costs, and larger capital requirements created a greater need for credit. This trend with its rising cash income, accompanied by more machinery and livestock on farms, commodity grading standards, and improved marketing and storage facilities in turn provided a better basis for non-real-estate loans in the form of increased repayment capacity and additional types of collateral security.

Data for the period since 1910 indicate that the volume of such credit used followed quite closely the trend of agricultural prices - the basic force influencing farm prosperity. Between 1910 and the end of the war in 1918 the non-real-estate loans of the principal institutional lenders doubled - increasing from 1,340 million dollars to 2,662 million. During the postwar boom ending in 1920 these loans further increased to 3,874 million dollars. Outstanding non-real-estate farm debt turned downward early in the 1920's soon after the decline in agricultural prices began. The low of 947 million dollars in such debt owed to the principal institutional lenders was reached in the middle thirties. Since then these short-term loans have expanded along with the increasing prosperity. The recent war period, however, brought no sharp rise comparable to that of World War I.

Turning now to a more detailed examination of the use of agricultural credit during the first half of the twentieth century, one finds that up to the inflation of World War I, the expansion in credit largely resulted from the gradual economic and physical growth of agriculture in a slowly rising price level. The prosperous war period ending in 1920 was associated with stimulated farm expansion and a rapid rise in land values and production costs. The purchase and operation of farms on this rising price level was financed to a considerable extent by means of credit. Borrowing to invest in additional land, buy new machinery, acquire more and better livestock, and make improvements to buildings, for the most part, appeared justified on the basis of prospects at that time, although purchase of farm land expressly for reselling later at a profit was prevalent. Agricultural prices and land values had been steadily increasing since before 1900 and it was difficult to believe that the

# FARM DEBT, JANUARY 1, 1910-47

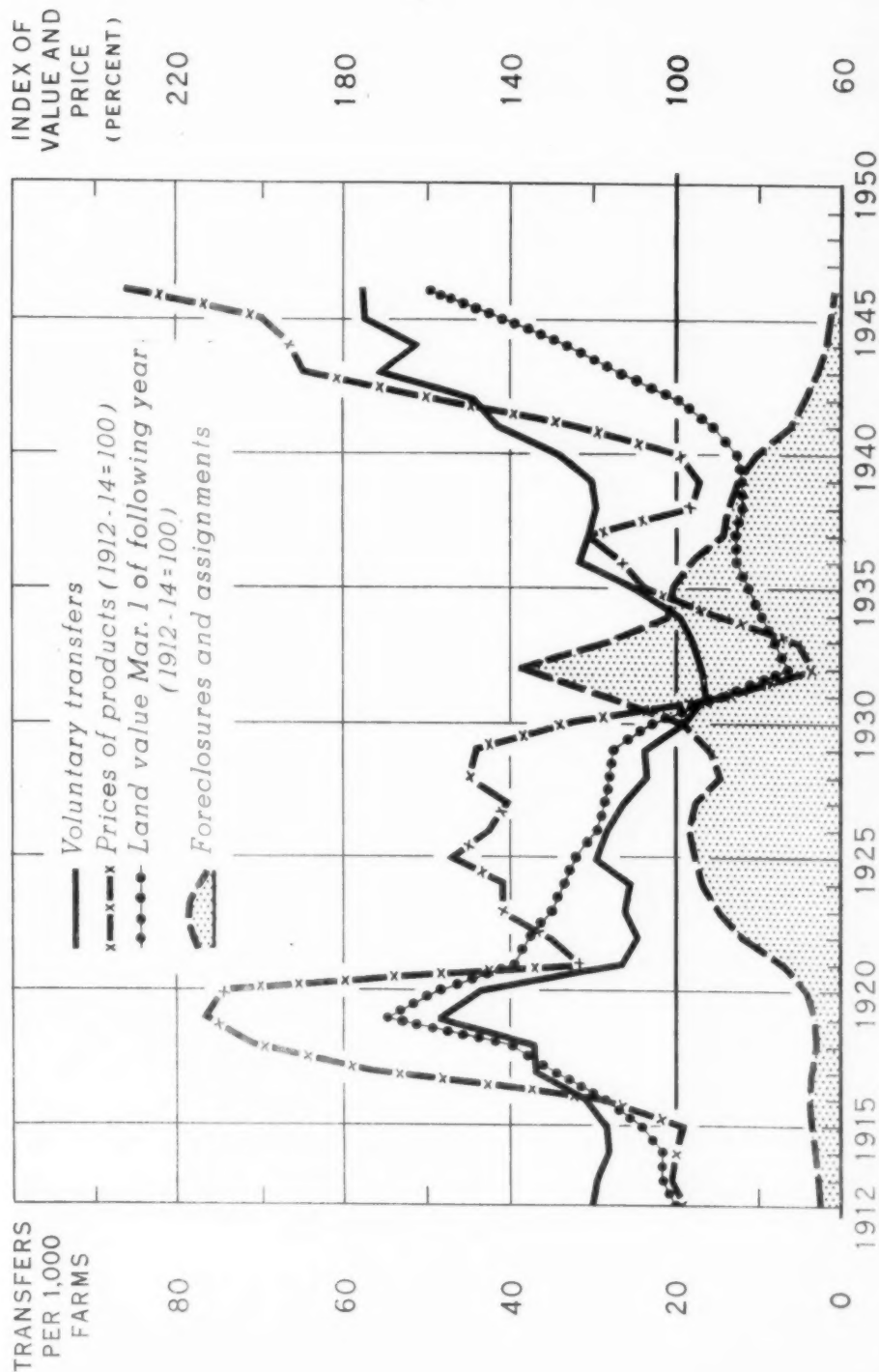


U. S. DEPARTMENT OF AGRICULTURE

FIGURE 2

NEG. 46575 BUREAU OF AGRICULTURAL ECONOMICS

# FORECLOSURES AND ASSIGNMENTS, VOLUNTARY TRANSFERS, VALUE PER ACRE OF FARM REAL ESTATE, AND PRICES RECEIVED FOR FARM PRODUCTS, UNITED STATES, 1912-47





future would be anything except prosperous. This optimistic outlook was shared by lenders as well as by farmers themselves. Money was plentiful, banks increased in number, and loans were relatively easy to obtain.

The resulting debt load proved to be far in excess of agriculture's repayment capacity following the break in agricultural prices in 1920. The volume of farm debt then turned downward with the initial impact on non-real-estate debt. Such loans of the principal lending institutions dropped nearly 600 million dollars during 1921. Farm-mortgage debt continued to rise for a time after the break but relatively few new loans were being extended for the purchase or operation of farms. The taking of real estate mortgages to secure short-term delinquent loans accounted for a large portion of the farm-mortgage debt increase during the early twenties. Following 1923, farm-mortgage debt started to decline and throughout the remainder of the 1920's both mortgage and short-term credit continued their adjustment downward to the levels justified by an agriculture which was slow in recovering its economic health after the depression of 1921.

The collapse of the whole economy which began at the end of the decade further depressed the financial condition of agriculture. Agriculture's needs for credit to finance farm sales became less because of the decline in land values and in the number of voluntary transfers. It is also believed that, on the whole, credit required for production became less as a result of decreasing production costs. In some instances, low income forced farmers who could get credit to expand their borrowings to meet expenses of production, living, and overhead. However, the general decrease in credit requirements as a cause for the debt decline was largely overshadowed by the general financial break-down and the forced liquidation of much debt. The supply of agricultural credit shrank faster than the declining needs. This aggravated the downward pressure on farm prices and incomes. During this period there developed a widespread demand for more credit, not only to finance production and land transfers but also to refinance troublesome existing debts and in many instances to provide a substitute for inadequate incomes.

After reaching a low point in 1935 the use of short-term credit began to expand, along with the rising price level and the general upward trend in agricultural conditions. Farm-mortgage debt, however, continued to decline notwithstanding more farm transfers and rising land values. Some of this decline resulted from foreclosures and voluntary debt adjustments which continued in significant volume during the middle and late thirties. Also many farmers had a strong desire to reduce their mortgage debt because of a vivid memory of the more or less continuous farm difficulties since 1920. This attitude toward maintaining a low level of indebtedness was also encouraged by most lenders. At the time of this country's entry into World War II the total mortgage debt was about 2 billion dollars less than at the depth of the depression in 1933.

During the war years total farm debt decreased even faster than during the last half of the 1930's. Farm-mortgage debt decreased over 1 billion dollars to 4.7 billion at the beginning of 1946. Except for the usual seasonal movement the volume of short-term debt outstanding from the principal lenders changed little between 1942 and 1946. This debt trend was contradictory to that which would normally result from rising land values, increasing commodity

prices, and expanding production. Perhaps the chief reason for this contradictory trend was the limited supply of farm labor, farm machinery, and home equipment available during the war. Curtailment of the expenditures farmers normally would have made, in combination with high income, permitted both the reduction of much outstanding debt and the financing of operations in many instances, without new borrowing. Other factors included a decline in number of farm operators because of a wartime shift to industry or to the armed forces, and for the early part of the war at least the memory of the great depression which stimulated a strong desire to keep debt at a minimum. Notwithstanding these factors, many farmers required and obtained increased credit. This is reflected in the larger average amounts used by those obtaining new loans. The average size of farm real estate mortgages recorded in 1945 was 30 percent larger than in 1941. The increase between these 2 years in the average size of non-real-estate loans made by the various Federal and federally sponsored agencies ranged from 33 percent to over 100 percent.

Since the end of the war the volume of outstanding farm debt has turned sharply upward. The rise in farm-mortgage debt occurring since 1945, though small, is significant in that it marks the end of a decline which had been continuous, with but one minor exception, since 1923. The short-term debt held by the main institutional lenders was 31 percent greater on June 30, 1947 than on June 30, 1945.

This postwar rise in debt results in considerable part from the release of wartime curbs, restraints, and shortages. The continuing rise in agricultural prices has stimulated expenditures for the expansion of farm facilities and production, using more labor, machinery, building materials, and other goods that have recently improved in supply. Further, there have been a record number of farm sales at prices nearly double those of prewar. Accompanying these increased expenditures for purchase and operation of farms has been a rise in purchases for family living such as automobiles, household appliances, and all types of home improvements. The use of credit in financing these heavy outlays has been encouraged by a changing attitude on the part of some farm people which has resulted from the growing prosperity of agriculture and the dim recollection, particularly by younger persons, of the depressed thirties. It is probable that this increased debt will result in financial difficulty for some farmers. So far, however, the use of credit as a whole appears reasonably moderate in comparison with the World War I period.

#### Agricultural Credit Use in the Future

Based on past relationships the volume of outstanding farm debt in 1947 appears very low relative to current levels of production costs and capital use in agriculture. The future may reveal a strong tendency for debt to rise to a more normal level with respect to the economic characteristics of the present-day agricultural industry. Any further increase in land values, number of voluntary transfers, and costs of livestock, machinery, and supplies could be expected to accelerate the use of credit. Even though farm income should fall considerably, it is believed that little over-all reduction of agricultural indebtedness would occur. The accumulated demand for machinery, automobiles, and goods of every description is likely to involve heavy expenditures and

substantial use of credit by farmers for a number of years. Of course, if a severe depression were to occur, the current upward debt trend could be expected to reverse itself, especially if in the meantime an expansion of sizable proportions were to take place.

In addition to these factors, which are associated mainly with short-run credit fluctuations, there are possibilities of future changes in the size and organization of our agricultural industry which may have a more fundamental effect on credit use. With the return to a normal peacetime demand for farm products, some areas may reduce agricultural production and capital requirements would be correspondingly lower. This would probably result in less credit use. Adjustments in other areas may involve a shift to different types of farming which would necessitate an expansion of credit for the purchase of new machinery, addition of livestock, or the improvement of buildings.

Aside from changes that may result from shifts in agricultural production, changes in the amount of credit may also be expected from more efficient management of individual farms. There is growing recognition that many farms are not organized for profitable production. Some small farming enterprises could be made into more economic units by the addition of land or through more intensified operation such as increased expenditure for labor, fertilizer, equipment, livestock, and buildings. Also, production costs could be lowered and net incomes increased in many instances by the use of new and better machinery and improvement and remodeling of buildings. Further, investments in soil conservation and forest improvements may also provide profitable returns in the long run. To accomplish these changes, sizable amounts of capital will be needed in agriculture - much of it in the form of credit.

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State Tax Legislation in 1947.- State legislative sessions in 1947 were particularly significant from the standpoint of tax legislation enacted. A number of States adopted new taxes - mainly in the excise field - and others increased rates of existing excise levies. Four States, Connecticut, Maryland, Rhode Island, and Tennessee adopted retail sales taxes. Cigarette taxes were enacted in 8 States, bringing to 39 the number of States levying taxes on this commodity. Also, the existing rates on cigarettes were increased in several States. Gasoline taxes were increased in 8 States, the increase ranging from one-half cent per gallon in Vermont to 2 cents in Colorado. Seven States increased levies on distilled spirits. In addition to the enactment of new excise taxes and increases in existing levies, a number of States having tax-rate limitations on property passed laws or enabling legislation to permit increased tax levies on property in designated areas for specific purposes.



## STATE GENERAL SALES TAXES AND AGRICULTURE

Tyler F. Haygood

State retail and other general sales taxes are becoming an increasingly important part of the tax load of American farmers. More money, spent at higher prices in recent prosperous years, has meant more tax payments for those living in the States in which general excises have been in effect. Also, more farmers are becoming sales taxpayers - four State legislatures added this source of revenue in 1947 alone.

The first part of this article presents the over-all pattern of general sales taxes as they apply to all taxpayers, including farmers. The second part examines these excises as they pertain more directly to farmers as a distinct group of producers and consumers. The question of equitableness of the general sales tax is not discussed. Nor is the degree of actual burden imposed upon farmers by this type of levy - including consideration of exemptions granted farm and nonfarm groups - analyzed here. Emphasis is limited primarily to the great diversity in the statutes and rules of administration of the 27 "sales-tax States."

### General Aspects of Sales Taxes

The introduction of general sales taxes in this country, particularly those imposed upon transactions at the retail level, dates back to the depression years of the 1930's. In 1933 and succeeding years, many States introduced these levies as temporary expedients to be abandoned when the financial emergency ended. But their revenue productivity was high and although a few of the laws were permitted to expire or, for one reason or another, were repealed, others were re-enacted as permanent legislation. By 1937 the number of sales-tax States had settled down to 23, where it remained for more than a decade. Then in the prosperous year of 1947, Connecticut, Maryland, Rhode Island, and Tennessee were added to the list. Thus the association of sales-tax adoptions with purely depression phenomena came to an end.

Table 1 shows that the location of sales-tax States indicates no particular pattern of regionalism. States from coast to coast employ the tax. While "rural" Mississippi usually is regarded as the first State to make the levy a chief source of revenue, numerous States with large urban populations now employ its vast revenue possibilities.

### Fiscal Importance of Sales Taxes

Most sales-tax States depend heavily upon this single levy - some more than others (table 1). In 1947, 38.8 percent of all State tax collections of the 23 States was attributable to it, although the individual ratios varied from 13.0 percent in Louisiana to 60.7 in West Virginia. In three States (Michigan, Washington, and West Virginia) over half of all revenue came from this levy in 1947; and two-thirds of the sales-tax States obtained at least 33 percent of their aggregate taxes from this source.

Table 1.- State tax collections, fiscal year 1947<sup>1/</sup>

State	Total collections	Sales-tax collections	Sales tax as percentage of total collections
	1,000 dollars	1,000 dollars	Percent
West Virginia . . . . .	72,880	44,210	60.7
Michigan . . . . .	292,681	160,567	54.9
Washington . . . . .	160,570	83,997	52.3
Missouri . . . . .	121,173	58,227	48.1
Illinois . . . . .	318,521	142,514	44.7
California . . . . .	582,446	241,373	41.4
Indiana . . . . .	135,849	53,919	39.7
Kansas . . . . .	75,333	28,808	38.2
Iowa . . . . .	107,712	40,603	37.7
Utah . . . . .	30,315	11,162	36.8
Arizona . . . . .	37,118	13,494	36.4
Colorado . . . . .	60,718	20,993	34.6
New Mexico . . . . .	35,324	12,041	34.1
Ohio . . . . .	307,247	104,245	33.9
Wyoming . . . . .	11,507	3,894	33.8
South Dakota . . . . .	24,012	7,988	33.3
North Dakota . . . . .	25,995	8,591	33.0
Mississippi . . . . .	65,053	20,434	31.4
Alabama . . . . .	81,490	22,304	27.4
Arkansas . . . . .	66,248	17,190	25.9
Oklahoma . . . . .	118,885	29,901	25.2
North Carolina . . . . .	176,875	35,482	20.1
Louisiana . . . . .	128,375	16,734	13.0
Total (23 States) . . . . .	3,036,327	1,178,671	38.8

<sup>1/</sup> Connecticut, Maryland, Rhode Island, and Tennessee adopted general sales taxes in 1947, but obtained a negligible amount of revenue in that fiscal year.

Data adapted from State Tax Collections in 1947, Bureau of the Census. Unemployment compensation taxes excluded.

General sales taxes are impressive not only when considered as part of the revenue systems of the sales-tax States, but also when their proceeds are compared with the tax collections of all 48 States combined. State tax collections by types for the entire country are given for 1947 and 1932 in table 2. This tabulation shows the shifts which have occurred in the last 15 years in the relative importance of various revenue sources for State governments. It also indicates how greatly many States depend upon taxes on sales of consumer goods such as gasoline, alcoholic beverages, tobacco, and general sales, in contrast with those on net income.

Table 2.- State tax collections by types, fiscal years 1947 and 1932

Tax	1947		1932	
	Amount	Percentage of total	Amount	Percentage of total
	1,000 dollars	Percent	1,000 dollars	Percent
General sales	1,178,849	20.3	7,070	0.4
Gasoline	1,124,397	19.4	534,160	28.3
Net income	878,550	15.2	145,450	7.7
Motor vehicle	540,348	9.3	310,055	16.4
Alcoholic beverage	481,573	8.3	1,368	0.1
Property	261,995	4.5	323,477	17.2
Tobacco product	244,767	4.2	15,166	0.8
Death and gift	166,352	2.9	149,416	7.9
Other	920,783	15.9	400,366	21.2
Total	5,797,614	100.0	1,886,528	100.0

Adapted from State Tax Collections in 1947, and Financing Federal, State and Local Governments: 1941, Bureau of the Census. Unemployment compensation taxes excluded.

General sales taxes topped the list of revenue producers in 1947 with 20.3 percent of the total. In 1932, just before the "outbreak" of this type of levy, the comparable figure was 0.4 percent. This growth in importance to State governments of a new source of revenue has been characterized as one of the most remarkable fiscal developments of the entire period. Meantime, the gasoline tax, the best revenue producer in 1932 when it accounted for 28.3 percent of the total, was in second place in 1947 with 19.4 percent. The property tax also declined in importance, the reduction being from 17.2 to 4.5 percent of all State revenue.

#### Provisions of Sales-Tax Laws Applicable to All Taxpayers

A notable absence of uniformity is found in the general provisions of sales-tax legislation in the 27 States (table 3). The most common type - the retail sales tax - applies ordinarily to sales of tangible personal property only. But some States desire a broader base for the levy. These States have imposed taxes on "general sales," "gross receipts," or "gross income" that include such bases as personal or professional services, and on wholesaling, extracting, or manufacturing industries. More than half of the laws include a use tax. This provides a levy upon the "use, storage, or consumption" of an article or service, thus making it possible, in effect, to tax transactions ordinarily not taxable by the State. Tax avoidance through "over the line" buying in communities near nonsales-tax States and mail-order purchasing thus has been discouraged.

Table 3.- Selected general provisions of State sales-tax laws

State	Type of tax <sup>1/</sup>	Rate <sup>2/</sup> (pct.)	Isolated sales	Public utility services for domestic use
Alabama	Retail sales and use	2.00	Exempt.	Gas, electricity, water, and transportation exempt.
Arizona	General sales	do.	Not specifically exempt.	All, including communications and transportation, taxed at 1 percent.
Arkansas	Retail sales	do.	Exempt.	Transportation exempt; all others, including ice and steam, taxed.
California	Retail sales and use	2.50	do.	Generally exempt.
Colorado	do.	2.00	Taxed.	Gas, electricity, and communications (both public and private) taxed. REA electricity taxed.
Connecticut	do.	3.00	Partly exempt.	Gas, water, electricity, and communications exempt.
Illinois	Retail sales	1.96	Exempt.	Exempt.
Indiana	Gross income	1.00	Taxed.	All fully taxed.
Iowa	Retail sales and use	2.00	Exempt.	do.
Kansas	do.	do.	do.	All taxed, including heat.
Louisiana	do.	1.00	do.	Gasoline, steam and electric power, and commercial water exempt.
Maryland	do.	2.00	do.	Gas, steam, oil, and electricity taxed; communications, transportation, and water exempt.
Michigan	do.	3.00	do.	Gas, electricity, and steam taxed; water, communications, and transportation exempt.
Mississippi	Gross receipts and use	2.00	Partly exempt.	All taxed, including pipe lines.
Missouri	Retail sales	do.	Exempt.	All taxed.
New Mexico	Gross receipts and use	do.	do.	All taxed, except water.
North Carolina	General sales and use	3.00	Not specifically exempt.	Exempt.
North Dakota	Retail sales and use	2.00	Exempt.	All taxed, although services exempt.
Ohio	do.	3.00	do.	All exempt.
Oklahoma	do.	2.00	Taxed.	All taxed, except water.
Rhode Island	do.	1.00	Not specifically exempt.	All taxed, except transportation.
South Dakota	do.	2.00	Exempt.	All taxed, except publicly-owned water.
Tennessee	do.	do.	do.	Taxed generally.
Utah	do.	do.	do.	All taxed, including heat.
Washington	Gross receipts and use	3.00	Partly exempt.	All taxed in separate law.
West Virginia	Gross income	2.00	Exempt.	All exempt, including heat and steam.
Wyoming	Retail sales and use	do.	Partly exempt.	All taxed.

<sup>1/</sup> Retail sales taxes ordinarily are based upon sales of tangible personal property at retail for use or consumption, but are sometimes also based upon amusements or public utility services. General sales taxes apply to retail sales, wholesaling, extractive industries, and manufacturing at various specified rates. Gross receipts taxes apply to all the above sales and many personal services in addition. Gross income taxes apply to all the above and to wages, interest, rents, and dividends also.

<sup>2/</sup> The rates given apply to retail sales.

Compiled from Commerce Clearing House, Corporation Tax Service, and from State codes and sales tax regulations.

Although widely known as a tax on consumption goods, the general sales tax, legally speaking, is not always a "consumers'" levy. In all States, however, the seller or retailer ordinarily is responsible for collecting and reporting the tax from the purchaser of the article or service. Some laws plainly indicate that the consumer and not the retailer is expected to bear the burden of the levy. Indeed, retailers in some States are required by law to list the price and the tax separately and are forbidden to advertise that they will absorb the latter. (An exception is Indiana, where the levy is not on the consumer and it is "illegal" for the retailer to pass the tax along to purchasers.)

As shown in table 3, nominal retail sales-tax rates range from 1 to 3 percent on purchases, with 2 percent the most common. Actually, a different "effective" rate may be paid by consumers, because of bracket systems or the practice of exempting small purchases. From the State's revenue standpoint, a "percentage of gross receipts" differing from the nominal rate may be obtained, as some laws permit retailers to retain a small percentage of total tax collections to compensate for expenses involved.

Isolated Sales.- Exemptions of "casual," "individual," or "isolated" sales apply to all taxpayers but they are of particular importance to farmers. In nearly all States these sales are explicitly exempt in the statutes or regulations and in others such transactions are not always reported in practice. Ordinarily, an isolated sale consists of one not made in the course of regular business. A farmer "who does not hold himself out to be engaged in a retail business" usually is not taxed. For example, an Iowa farmer may sell his furniture or farm machinery and implements and be exempt. But one who sells regularly at a roadside stand or on a scheduled delivery route must collect. A casual visitor or transient caller who buys a cow or chicken from a farmer ordinarily would not pay the tax in any State.

The rule in Mississippi illustrates, however, limitations that may be included in the definition of a casual transaction. In that State such sales are exempt "provided they are sold by the producer at the place of production and in the original state or condition of preparation for sale and before such products are subjected to any other process..." In a few cases the question of definition does not arise. For instance, Arizona does not impose a sales tax on sales of any farm products when they are produced and sold by farmers. If a gross-income tax is levied, as in Indiana, it is probably true that an isolated sale would be part of the reportable income.

Public Utility Services.- For sales-tax purposes, public utility services for domestic use commonly are segregated from those employed in manufacturing, producing, etc. Only domestic use is considered in table 3 because the other uses ordinarily are not taxed or are of less relative importance to farmers. States that tax only sales of tangible personal property regard public utility charges as made for services but a few of these impose a tax on domestic utility bills in a separate law. But as shown in the table, the State statutes vary widely. Some include in one taxable category all public utilities, such as gas, electricity, water, communications (telephone and telegraph), and transportation (railroads, bus and air lines, etc.) whereas other States exempt specified utilities.



Some States require separate meters or estimates for electricity consumed in the home and in farming operations. In Kansas, predominant use determines taxability if there is only one meter on the farm. Ordinarily, no distinction is made between publicly owned and privately operated utilities in sales-tax laws and rural electrification associations must collect any taxes imposed upon customers. Water, more frequently than any other utility, is exempt from general sales taxes.

#### Provisions in Sales-Tax Laws More Directly Applicable to Agriculture

Although farmers as general taxpayers are subject to levies made on all categories of taxable services or "sales at retail of tangible personal property for use, storage, or consumption in the State," as discussed earlier in this article, they also are subject to certain exemptions or "exclusions" from taxation that apply directly to agricultural production. These exceptions were established early in the legislative history of general sales taxes but on widely differing bases.

#### Scope of Agricultural Exemptions

For instance, when a high court in Mississippi upheld the general sales tax in that State, it said:

The exemption of school books and agricultural products and articles used in preparing them for market appears to rest upon reasonable and sound bases, when we remember that the state's prime duty - the purpose for which it exists - is to promote the peace, prosperity and happiness of its citizens...

The prosperity of every citizen of this state rests largely upon agriculture. To encourage and promote it enhances the welfare of all, and the exemption of such products and articles used in preparing them for market from the tax here is not only reasonable, but may be an imperative necessity in order not to discourage the production thereof.<sup>1/</sup>

Thus established, exemptions in Mississippi are limited only by statutory or administrative decisions, and many agricultural transactions have been excluded from the sales tax, as noted in later sections.

On the other hand, when the first general sales-tax law enacted in Illinois in 1933 provided for the exemption of sales of farm produce when they were made by the producer (farmer), the statute was found to be unconstitutional because the State's basic law requires that all persons must be taxed "uniformly." In the case of the sales tax, this meant that all persons engaged in the business of selling tangible personal property (farmers included) must be made subject to the tax without exception.<sup>2/</sup> Thus in Illinois no exemptions

<sup>1/</sup> Notgrass Drug Co. et al. v. State ex rel. Rice ('36) 175 Miss. 358, 165 So. 884.

<sup>2/</sup> Winter vs. Barrett, 352 Ill. 441, 186 N.E. 113 (1933).

are made respecting agricultural sales. However, under the Illinois Retailers' Occupation Tax Act, the Department of Finance has made approximately 100 rules and regulations, some of which "exclude" certain sales by farmers or to farmers in Illinois.

All States now permit exemptions or exclusions in their sales-tax laws or rules of administration. The farm subjects covered are numerous and vary in detail from State to State, but for treatment here they may be brought together into a few major categories. In general sales taxation, food has been given major attention whether it is finally taxed or exempted in the statutes. Opponents of this source of revenue have argued that it is a "tax against the poor" and that "necessities of life" should be exempt. Those favoring the tax have argued that food is a major item in taxable retail sales and that its omission would result in a serious loss of revenue to the government. These discussions have given food an important place in general sales taxation.

Feeds, seeds, and fertilizers are usually treated together and in some detail because they may be used in direct consumption, such as growing lawn grasses or pet animals, producing farm commodities for home consumption, or producing crops and livestock for the market. Other farm supplies receive special treatment for similar reasons. The purpose for which they are to be used determines their taxability. Some supplies are used directly by the farmer for his own family and others are resold and become taxed as a processed product.

Sales of farm crops and livestock in their original state may be regarded as the source of income to the farmer reportable in income taxation, or they may be sales of "consumers'" goods subject to taxation or sales of products to be resold later and exempt to the farmer. Hence, these sales usually are considered separately in tax laws and regulations.

These broad categories of farm products, with provisions for their taxability or exemption, are now discussed in order.

### Food

The exemption or inclusion of food in general sales-tax laws is important to farmers as general taxpayers, as consumers, and as producers. If sales of food for home use are exempted, the lost revenue (which is considerable) must be made up from other taxes that may fall more heavily upon farm people who produce and consume much food that would not be taxed anyway. As producers, farmers are affected by any restraints placed upon their production processes or upon the demand for their output. Thus any taxes that restrict the demand for food, particularly when urban incomes are low, would react unfavorably on agriculture.

The treatment of food in State sales-tax laws (table 4) follows two patterns - one respecting food sold by retailers for "off-premise" or home consumption, and the other pertaining to meals sold to the public or to special groups. In general both of these classes of food are taxed. But at present half a dozen States exempt food sold for home use and others have experimented

Table 4.- Food treatment in State sales-tax laws

State	Food for home use	Meals sold to public	Meals served "privately" to groups	Other food provisions
Alabama	Taxed	Taxed generally.	School lunches exempt.	Some fluid milk exempt.
Arizona	do.	Taxed at lower rate (1 percent).	All meals in schools, colleges, or churches taxed at retail rate.	Sales of food to restaurants taxed at wholesale rates.
Arkansas	do.	Taxed generally.	Meals in schools, colleges, and churches, and "free" meals for poor exempt.	Dairy products from herds of not over 5 cows exempt.
California	Exempt	Taxed generally but common-carrier meals exempt.	Meals in schools and colleges, for PWA groups and employees only, and in small boarding houses exempt.	Exempt foods for home use listed.
Colorado	Taxed	Taxed generally, with broad coverage.	Meals in schools and colleges exempt if served by the institution. Free meals to employees exempt.	Food bought for exempt meals is taxed.
Connecticut	Exempt	Taxed generally.	Meals in educational institutions exempt.	Exempt foods for home use listed.
Illinois	Taxed	do.	Meals in schools and colleges and free meals to employees exempt.	(Exemptions strictly construed.)
Indiana	do.	Restaurants, etc. taxed 1/2 percent; Pullmans 1 percent.	Meals in schools and colleges exempt since 1946.	Food sold to restaurants taxed at 1/4 percent.
Iowa	do.	Taxed generally.	Meals in schools, colleges, churches, and post offices exempt; meals for employees, even if free, taxed.	Where meals are free and no record kept, base of \$3 per week taxed.
Kansas	do.	do.	Meals in schools, colleges, and boarding houses, and free meals to employees exempt.	Sales of food to restaurants are "wholesale" and are exempt.
Louisiana	do.	do.	Meals in schools and colleges exempt; free meals to employees taxed.	Cost of food and ingredients is basis for tax on free meals.
Maryland	Exempt	Taxed, except in Pullman cars.	Meals in schools and colleges exempt.	Food sold by employer to employee for home use, and food sold for animals not used in agriculture taxed.
Michigan	Taxed	Taxed generally.	Meals in schools, colleges, and churches exempt; free meals to employees taxed on base of 15 cents each.	Sales of food to camps or churches taxed; six or more boarders taxed.
Mississippi	do.	do.	Meals in all educational institutions exempt.	Pasteurized milk taxed at lower rate (1 percent).
Missouri	do.	do.	Meals in schools, colleges, and clubs, and for employees only exempt.	Grain for food specifically exempt.
New Mexico	do.	do.	Sales of educational institutions exempt; meals for employees taxed.	Sales by grocers to hotels, restaurants taxed at retail rate.
North Carolina	Exempt	Taxed, including Government cafeterias.	School lunches exempt, but canteens in college and military commissaries taxed.	Fish and sea foods exempt when sold by fishermen.
North Dakota	Taxed	Taxed generally.	Meals in schools, colleges, and rooming houses with less than 10 persons exempt; meals for employees taxed.	When meals are taxed, food bought for them exempt and vice versa.
Ohio	Exempt	Taxed, except meals on railroad cars.	Certain meals in schools and colleges exempt.	(Exempt food for home use restricted.)
Oklahoma	Taxed	Taxed generally.	Meals in schools and colleges exempt; meals for employees taxed.	Nonintoxicating beverages and certain dairy products exempt.
Rhode Island	do.	do.	Meals in schools and colleges exempt even if operated for profit; meals in boarding houses with fewer than 5 persons exempt.	
South Dakota	do.	do.	Meals in educational institutions exempt; meals for employees taxed.	Unlike exchanges such as eggs for groceries taxed; like exchanges such as corn for cornmeal exempt.
ennessee	do.	do.	School lunches exempt; college meals taxed; meals for employees taxed; all boarding houses exempt.	Detailed regulations apply to meals.
Texas	do.	do.	School lunches and meals in colleges exempt.	
Washington	do.	do.	No special exemptions.	
West Virginia	Partly taxed	do.	do.	Law exempts single food purchases up to 50 cents in amount.
Wisconsin	Taxed	Taxed, even if public not served.	do.	

Compiled from Commerce Clearing House, Corporation Tax Service, and from State codes and sales-tax regulations. Data are not necessarily complete.



with such a plan. Ordinarily, food not taxed is limited strictly to "necessities" - the idea is to relieve the regressivity of the levy - and specific items are enumerated in regulations. Many questions, however, arise in the administration of this type of food exemption. In California and Connecticut, for example, milk, cereal, fish, eggs, meat, vegetables, fruits, and sugar are on the "free" list, but even these foods may be taxed when bought in restaurants or drug stores and at lunch counters. In some States milk is exempt, but ice cream is taxed. West Virginia tried exempting half a dozen "essential" foods but gave it up in favor of taxing all items except the first 50 cents worth in each food purchase.

The usual rule is for sales-tax States to impose the levy on all meals sold to the public in restaurants, dining cars, hotels, and other eating places. But, in some cases, small boarding houses and Pullman diners are not required to collect a tax as noted in the table. School-lunch programs and school and college dining rooms when operated by the educational institution ordinarily are exempt, but Tennessee and North Carolina tax meals in colleges, and some other States restrict the exemption to institutions not operated for profit or to those whose dining rooms are not open to the public.

Exemptions of meals or limitations to them appear in other States as follows: Dude ranches ordinarily must collect taxes on meals served their paying guests. Wyoming has this rule only where meals are billed separately. Meals provided employees by employers as part of their compensation are sometimes taxed and sometimes are not. Meals sold in churches usually are exempt, but some States tax the food bought and used in their preparation. In Iowa, to obtain exemption for such meals, the church must use the proceeds. In at least one State, food sold to a restaurant is taxed at the wholesale rate, and the meals bear a higher retail rate of levy.

#### Feeds, Seeds, and Fertilizers

The general rule in sales-tax laws is to tax feeds, seeds, and fertilizers when sold for direct use of the farmer or other purchaser, but to exempt them when used in agricultural production. Sometimes these products are exempted entirely. Various State laws and regulations are summarized in table 5, but the following cases illustrate interpretations of meanings applied to "direct use" or "use in agricultural production," as well as other provisions with respect to sales of these farm supplies.

The Ohio tax does not apply to sales of feeds, seeds, and vegetable plants whether they are sold to farmers or others. Feeds include food for all animals such as livestock, pets, birds, and fish. Seeds include all seed or bulbs from which plants, grass, or vegetables are raised. Plants are exempt only when they are sold for the purpose of raising vegetables and other food products. Thus floral plants are taxed. As fertilizers are tax-exempt only when sold to farmers, floriculturists, and horticulturists, those for use on city lawns are taxed.

In Illinois, it has been ruled that sales of seeds used in raising lawn grass, vegetables, crops, or other plants which are to be used or consumed and

Table 5.- Taxability of farm supplies sold to farmers

State	Feed, seed, and fertilizer	Other supplies (selected)
Alabama	Seeds for planting and fertilizer except cotton-seed meal exempt. Nursery stock taxed.	Boxes, crates, bags, ties, barrels, etc. exempt if used in agricultural production.
Arizona	Commercial feeds taxed at wholesale rate; others at retail rate.	Sales of boxes, cartons, and other containers to ranchers, dairymen, and producers of agricultural products taxed at retail rate.
Arkansas	Special inspection tax on commercial feeds and fertilizers.	Bagging for cotton exempt. Boxes, barrels, containers, etc. partly exempt.
California	Feed, seed, plants, and fertilizer exempt if used to produce food for humans; others taxed.	Returnable containers generally taxed; others exempt.
Colorado	All feed for livestock and poultry and seeds and orchard trees exempt.	Generally, supplies are taxed if consumed by farmers directly, but exempt if used to market farm products.
Connecticut	Feed, seed, plants, and fertilizer exempt.	Returnable containers generally taxed; others exempt.
Illinois	Taxed when used by farmer "directly"; exempt when used to produce for the market.	do.
Indiana	Seed, feed, and plants taxed at 1/4 percent; fertilizer 1/2 percent.	Machinery, equipment, and breeding stock taxed at different rates.
Iowa	Commercial seeds, plants, bulbs, and fertilizer exempt; that for final use taxed.	Partly taxed; partly exempt.
Kansas	Feed, seed, and fertilizer for commercial use exempt; for gardens, lawns, etc. taxed.	Insecticides, poultry tonics, baling wire, and twine taxed. Containers partly taxed; partly exempt.
Louisiana	Seeds and feeds taxed, but all fertilizer sold to farmers exempt.	Farm equipment, tools, and most other supplies taxed. Containers sold directly to farmers exempt.
Maryland	Feed, seed, and fertilizer exempt when used for agricultural purposes.	Personal property for use in processing exempt.
Michigan	Exempt when used in agricultural production; taxed for lawns, homes, cemeteries, etc.	Sales of personal property to farmers, dairymen, fruit growers, or others producing crops for resale exempt unless for "consumption by grower."
Mississippi	Seeds and fertilizer used in farming exempt; feeds taxed.	Bagging and ties, insecticides, boxes, crates, and cases used in agricultural production exempt.
Missouri	Feed, seed, limestone, and fertilizer used to produce articles for sale exempt.	Returnable containers generally taxed; others exempt.
New Mexico	All feeds for livestock and poultry, seeds, roots, bulbs, and plants, and fertilizer applied to land exempt.	Agricultural implements except tractors exempt. Containers taxed at wholesale rate.
North Carolina	Seeds, feeds for livestock and poultry, and fertilizer exempt.	Insecticides exempt. Farm implements and other supplies taxed as retail sales.
North Dakota	Seeds and most feeds for livestock exempt.	Containers used in production exempt.
Ohio	Feed and seed exempt.	Sales of articles used in cultivation, production, fertilization, and harvesting crops exempt.
Oklahoma	Feed for cattle to be fattened for market taxed.	Returnable containers taxed; others exempt.
Rhode Island	No specific exemptions in law.	do.
South Dakota	Feed sold for production and sale of dairy, poultry, and livestock exempt. Seeds taxed.	Retailers of used farm machinery exempt.
Tennessee	Fertilizer and garden seeds sold to farmer exempt; others taxed.	Containers for farm products exempt; farm equipment, tools, etc. taxed.
Utah	Feed, seed, and fertilizer exempt when used to produce for market; taxed for other uses.	Insecticides, weed killers, farm machinery and equipment taxed.
Washington	All exempt when used for production of milk, eggs, wool, fur, honey, or meat.	None specifically exempt.
West Virginia	Feed, fertilizer, and seeds generally taxed.	Farm implements taxed.
Wyoming	Feeds, seeds, plants, and fertilizer applied to land exempt.	Sugar for bee production exempt; containers used in marketing exempt.

Compiled from Commerce Clearing House, Corporation Tax Service and from State codes and sales-tax regulations. Data are not necessarily complete.

not resold are fully taxable. The same seeds, if sold to produce articles for the market, are exempt. Also it has been held that grains, tankage, and "other generally recognized" feeds, as well as oyster shells and mineral supplements, are not taxable, but that stock tonics, poultry remedies and other medicinal preparations, stock sprays, and disinfectants are subject to the tax.

Alabama exempts the proceeds from sales of fertilizer (except cottonseed meal that is not mixed with other ingredients). Sales of seeds for planting are not taxed, but plants, seedlings, nursery stock, and floral products are taxed. Incidentally most States tax the sales of florists. Arizona taxes the products of feed and flour mills sold to retail stores at the rate of 1/4 of 1 percent, but 2 percent is imposed on sales by farmers of hay and other feed for cattle to stock feeders through a broker. The farmer himself must collect in the latter case. It is noteworthy that Indiana also levies differential rates on feeds, seeds, and fertilizers, depending upon the purpose of sales. In California, feeds, seeds, and annual plants, if fit for human consumption, are exempt as is fertilizer when it is used to grow food for human consumption. Included in the exempt feed for livestock and poultry are cod-liver oil, salt, bonemeal, and oyster shells. In Colorado, fertilizer used in growing field crops is exempt, but that used for lawns, flowers, or crops for personal use of farmers is taxable. Feed is exempt when it is used to produce poultry, livestock, milk, etc. for the market but it is taxed if fed to horses, dogs, cats, and other pets not to be marketed.

Iowa exempts (by statute since 1937) all "commercial fertilizer and agricultural limestone," but does not define "commercial." Kansas also exempts commercial fertilizer which is described as that sold in packages weighing over 100 pounds. However, it taxes fertilizer used for lawns, home gardens, etc. - except that, if only a minor portion of the product is used for these purposes, the presumption is in favor of exemption. All seeds and feeds used exclusively in Kansas farming are exempt, but accurate records of use must be kept. Contrariwise, Louisiana taxes sales of seeds to a person who plants them for growing agricultural products, ruling that they are "sales to a consumer for use." In Utah, farmers, gardeners, commercial fruit growers, livestock raisers, livestock feeders, poultrymen, nurserymen, bee-keepers, dairymen, and similar agricultural producers may buy tax-exempt (as being for resale) seed, plants, trees, fertilizers, feeds, breeding stock, stock salt, eggs, baby chicks, and livestock. But persons who raise fur-bearing animals, such as foxes or minks, are not agricultural producers and may claim none of the exemptions.

#### Other Farm Supplies

Not all farm supplies receive separate treatment in sales-tax laws. Those treated separately appear to be of special significance in the particular State. Containers, cartons, or wrappings used in marketing often are exempted on grounds that their costs appear in the retail price of the finished product, which is taxed. Thus "returnable" containers are taxed and "non-returnable" ones are exempt. Generally, sales of farm machinery, equipment, and tools are fully taxed because they are for the "direct use" of farmers.

Among the specific provisions in various State laws, the following will illustrate detail and variety. In Alabama, sales of boxes, crates, bags, bagging, ties, barrels, and other containers used in preparing agricultural, dairy, grove, or garden products, including barrels and labels for turpentine, resin, etc., are exempt. Wrapping paper, twine, and paper bags are also exempt. In Arizona, baling wire sold to farmers for their own use is taxed at the retail sales rate of 2 percent. But sales of wrapping materials, when sold to packers of agricultural or horticultural materials, are not taxed since they are sold for resale. Fiber containers used for milk are used but once and are exempt.

The California rule is not to tax spraying materials for dusting fruit trees and vines; the Iowa law permits exemption of fuel and electricity used in pasteurizing milk, crushing stone, cooking food, grinding feed, and elevating grain to be marketed, but fuel for use in greenhouses is taxed; and the North Carolina rule is to tax fuel for farm homes but exempt it if for farm purposes. In Kansas, insecticides, germicides, poultry tonics, and fungicides are taxable, but the services of spraying are not taxed. Also taxable in Utah are insecticides, chemicals used for destroying weeds, pests, or insects, medicines and other veterinary supplies, machinery, equipment, and general supplies used by agricultural producers.

#### Farm Products Sold by Farmers

As a general rule, States with retail sales taxes permit exemption of sales by farmers of their crops or livestock when they are made for resale and not directly to consumers (table 6). In some States with gross income levies, however, farmers must report all income from whatever source.

But there are several limitations to agricultural exemptions. Ordinarily, the articles included in the provision must be unprocessed or still in their original state, must be sold by the producer himself or a member of his immediate family, and must not be sold to consumers direct. Thus cattle sold to a slaughterhouse would be exempt, but meat sold to customers at regular places of business on the farm (such as a small store, or roadside stand) would be subject to tax. As mentioned previously, in nearly all States casual sales by farmers of their crops or livestock are not taxable. In most of the States, a farmer who has a regular huckster's route or milk-delivery plan would be expected to obtain a retailer's license and to pay the tax.

As noted in table 6, there are many provisions of special application in the different States. The articles exempted may be products of "the farm" or "of farm, dairy, grove or garden." Food products alone are exempt in California and such products of the farm as cats, dogs, horses, mink, or canaries are taxed. In Utah, producers of fur-bearing animals are not "agricultural producers" and their sales are taxed. Sales of livestock or poultry to farmers for breeding purposes or for their own consumption often are taxed but those to be fattened and resold are exempt. Dairies ordinarily must collect a tax from their regular customers but in Arkansas dairy products are exempt when the producer has no more than five cows in the herd. A Colorado law expressly exempts the sale, purchase, or use of cattle, sheep, lambs, swine, and goats, as well as mares and stallions.

Table 6.- Farm-product and miscellaneous other provisions in State sales-tax laws

State	Products grown and sold by farmers	Miscellaneous provisions
Alabama	Livestock, poultry, and other products of farm, dairy, grove, or garden exempt when sold in original state.	Agricultural publications specifically exempt. Law contains numerous exemptions.
Arizona	Farmers selling own produce and livestock exempt.	Processors of poultry and livestock, and cotton ginners specially taxed. (Exemptions in law narrow.)
Arkansas	Cotton in original state, raw products of farm, orchard or garden, livestock and poultry of farm, exempt.	
California	Any form of animal life fit for human food exempt - as cattle, sheep, swine, chicks, eggs, fish - and bees. Other products taxed.	Cats, dogs, horses, mink, and canaries on farms taxed as not ordinarily fit for human consumption.
Colorado	Exempt items include meat cattle, sheep, lambs, swine, goats, and mares and stallions for breeding.	Farm auction close-out sales specifically exempt. Farm sales to consumers taxed.
Connecticut	Food products and sales of livestock and poultry that constitute food for humans exempt.	Food exemptions are same as those for California.
Illinois	Agricultural products sold to consumers taxed; those sold for resale exempt. Breeding stock exempt.	Seeds, etc. used by farmer on lawn or to grow food for family use taxed.
Indiana	Farmer may be wholesaler taxed at 1/4 percent or merchant at 1/2 percent or seller to consumers at 1 percent.	Detailed regulations determine taxability and rate applied.
Iowa	Ordinarily, farm sales are for resale and exempt; regular sales by farmers to consumers taxed.	Farm trailers taxed unless licensed by county treasurer. In customs hatching, 20 percent taxed; 80 percent exempt.
Kansas	Farm products sold for resale exempt; others taxed.	Tax applies on retail, not wholesale, transactions. (Coverage of exemptions unusually broad.)
Louisiana	All farm products sold by farmers exempt.	
Maryland	All products of farm, dairy, grove, or garden sold by producer exempt.	
Michigan	All products sold by farmers for resale exempt; those for direct consumption taxed.	Roadside-stand sales, as in most States, taxed.
Mississippi	Sales by producers or their families of livestock, poultry, and other products of farm, grove, or garden, including canned goods exempt.	Gross proceeds of dealers in mules, horses, etc. specifically exempt.
Missouri	Farm products sold for resale exempt; sales to consumers taxed.	(Exemptions limited in scope.)
New Mexico	Residents of State selling wood, fruit, farm and garden produce of own raising, and own fresh meats exempt.	Sales of cottonseed to consumers taxed.
North Carolina	Products of farms, forests, mines, and waters exempt when sold in original state by producer.	
North Dakota	Certain agricultural products exchanged for others exempt.	No general exemptions for farmers.
Ohio	Sales to consumers of farm products (except food items) taxed; all others exempt.	Hardware and building supplies for farms taxed.
Oklahoma	Raw products of farm, orchard, and garden, including livestock and poultry, exempt.	To be exempt, farm products must be grown or produced in State.
Rhode Island	No specific exemption in statute.	
South Dakota	Sales direct to consumers taxed; others exempt.	
Tennessee	Proceeds from livestock, poultry, and other products direct from farm by producer exempt.	Use tax does not apply to farmers' products grown and consumed on farms.
Utah	Sales of any agricultural product seller has produced himself exempt; any bought and resold taxed.	Persons raising fur-bearing animals and not agricultural producers are taxed.
Washington	No direct provisions for farm sales as in most States.	Auction sales of property (including household goods) used in farm activities exempt.
West Virginia	Agricultural products taxed under some circumstances.	
Wyoming	Livestock exempt when used to produce products for market; "regular sales" by farmers taxed.	Power used in agricultural production exempt. Farm close-out sales exempt.

Compiled from Commerce Clearing House, Corporation Tax Service and State codes and sales-tax regulations. Data are not necessarily complete.



Indiana has the provision that a farmer selling his livestock, etc. to packers must pay a tax of  $1/4$  of 1 percent but to consumers the levy is 1 percent. Generally, products of hatcheries are taxed. In Kansas, all sales of livestock and live poultry made at a so-called community or auction sale are wholesale transactions and are tax-free; hatcheries producing chicks for others from eggs owned by others are rendering services and are exempt; and hatcheries buying chicks to get a flock of poultry for use in producing eggs for resale are exempt. But if the use of eggs produced is for oneself, the sales of chicks are taxable.

Oklahoma specifically adds that livestock and poultry to be exempt must be produced in the State, and that purebred stock, when sold for breeding purposes and exempt from tax, must be registered in a recognized breeding association. Baby chicks are taxable in Colorado if sold for use or consumption but are exempt if sold for resale. If the chicks are under 4 weeks old, 20 percent are deemed taxable, and 80 percent nontaxable. If the chicks are over 4 weeks old, a segregation according to purpose for which sold must be made.

#### Summary and Conclusion

From the foregoing it is clear that little uniformity exists in provisions of sales-tax laws in the 27 States which use this source of revenue. Other State taxes, such as income or property levies, also have great variation both in authorizing statutes and administrative rules, but no other tax singles out agriculture for as much special consideration as does the general sales tax. This fact is of particular significance in an evaluation of the tax load added to farmers' burdens by sales levies.

Only half a dozen States (of the 27) exempt food bought for home consumption, and the tax-free items in these States show considerable variation. Food served the public in restaurants, etc., generally is taxed in all States, but even here the limitations are numerous. Crops and livestock when produced and sold by farmers "in bulk" ordinarily are exempt in a majority of the sales-tax States, although these products sold directly to consumers usually are taxed. Feed, seed, and fertilizer, when used to produce crops or livestock for the market, often are exempt, but the same articles consumed by the farmer "directly" are taxed.

These exemptions favorable to agriculture appear to arise out of several factors. One is the desire of some States to encourage the growth of a major industry through tax provisions that are more favorable to some than to other groups. This is illustrated particularly in the case of Mississippi. A second factor is a legal recognition of an economic distinction between producers' goods and consumers' goods, although the distinction is not maintained in all statutes and regulations. The retail sales tax is intended to be a levy on the consumption or use of goods and an effort generally is made to exempt from the tax sales of goods for resale so as to prevent pyramiding of the levy.

Finally, certain exemptions are a frank recognition of the administrative difficulties of tax-law enforcement in rural areas. To expect all farmers to become responsible for reporting small sales is to go against an old tenet of taxation which is that taxation should be convenient.

# FISCAL PROBLEMS OF LOCAL GOVERNMENT

Samuel L. Crockett



With the end of World War II, public attention again has been directed toward the acute revenue and related problems with which local governments are faced. Over the last few years the size and significance of Federal debt and taxes have relegated fiscal affairs of local jurisdictions to a position of relatively little importance. The real significance of functions performed by local governments cannot, however, be measured in terms of fiscal prominence.

## Recent Developments in Local Revenues

### Tax Collections

During the last quarter century, tax collections of local units have fluctuated within a rather narrow range. In fact, during the period 1932 to 1944 local collections remained almost stationary. In contrast, State and Federal collections over this 12-year interval increased phenomenally. This trend is illustrated in table 1 by comparison of tax collections of the different levels of government for the years 1922 and 1932, and for the war years 1942 to 1946, inclusive.

Table 1.- Tax collections by governmental units: 1922, 1932, and 1942-46 (exclusive of pay-roll taxes for Social Security)

Year	Local	Federal	State
	Million dollars	Million dollars	Million dollars
1922	3,157	3,570	867
1932	4,716	1,889	1,642
1942	4,672	12,239	3,935
1943	1/ 4,710	21,188	3,941
1944	1/ 4,735	40,377	4,087
1945	4,956	42,385	4,349
1946	5,281	39,420	4,980

1/ Estimates based on Census data.

Bureau of the Census and Annual Reports of the Secretary of the Treasury.

The tremendous increase in Federal collections over the 5-year period 1942 through 1946 may be attributed largely to wartime tax measures which lowered exemptions and raised existing tax rates on both personal and corporate incomes and which levied additional excise taxes. In general, increased State collections during the war years came about largely through fixed levies upon a tax base greatly expanded by the high level of economic activity. For example, collections from income and certain excise taxes, primary sources of

revenue for well over half of the 48 States, increased progressively as incomes and volume of taxable sales rose. The only important excise levy from which greater returns were not experienced was that on gasoline. Lower returns from restricted sales of gasoline were more than offset by increased collections from retail sales and other taxes. This wartime revenue boom, however, did not influence to any great extent tax collections of local governments. Only in the case of certain of the shared taxes did localities benefit directly from increased collections by States.

Except for some cities which levied a form of excise or income tax, local units continued throughout the war period to depend heavily upon property taxes for their independently derived revenues. In 1945, property taxes accounted for more than 90 percent of total local tax collections. The relative degree of dependence of localities upon property taxes remained constant throughout the war years (fig. 1). Over the 30-year period from 1915 to 1945, changes in the relative importance of property taxes in local collections varied within a range not exceeding 5 percent.

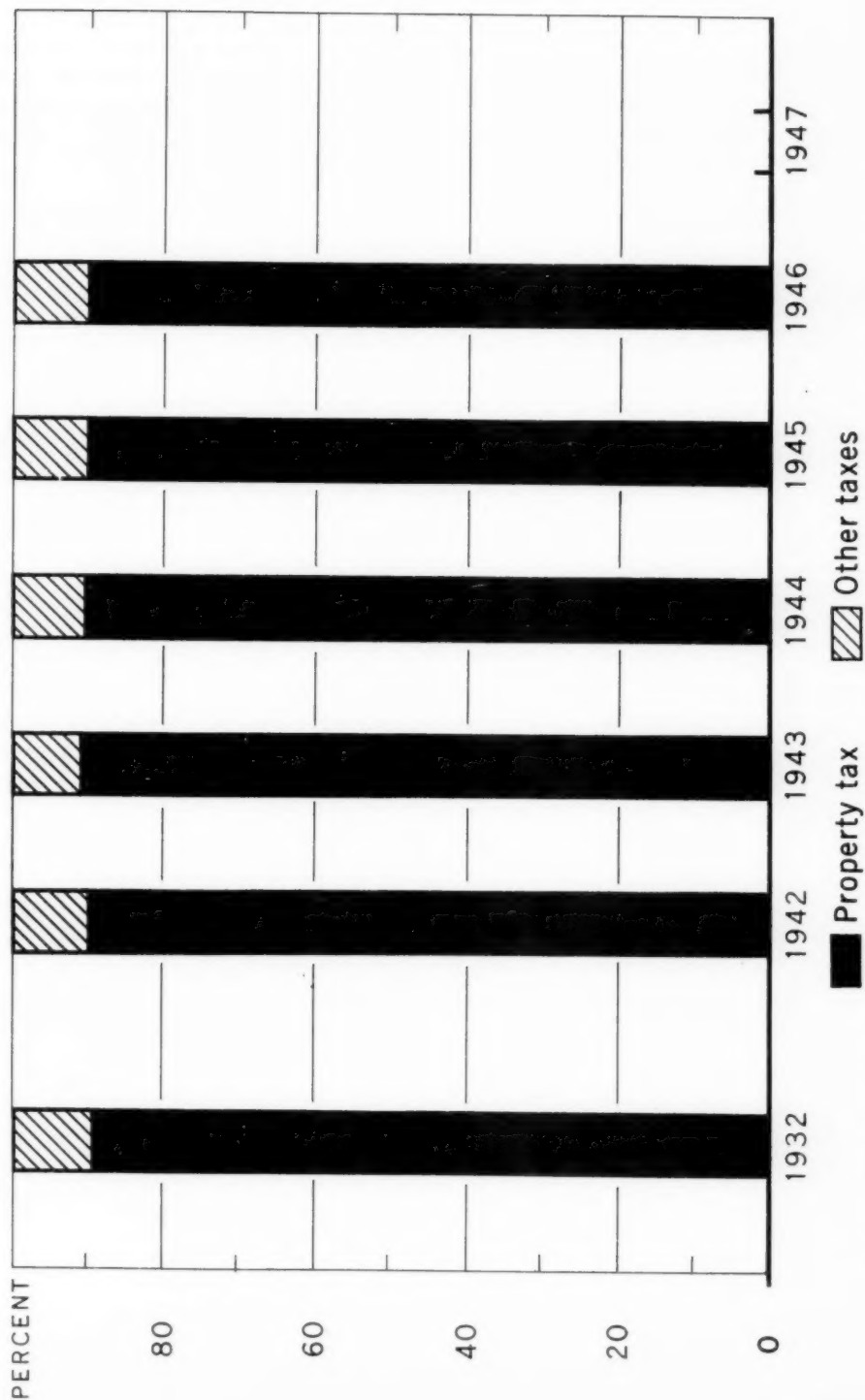
In recent years, however, the number of local governments that have adopted excise and other nonproperty taxes has noticeably increased. To date this trend has been almost exclusively associated with urban governments, but up to 1946 it had not reached a level of importance sufficient to effect an appreciable change in the over-all local tax collection picture. Rural local units have not deviated materially from the custom of raising revenues through taxes on property. A number of the larger cities throughout the country since 1940 have turned to excise taxes or special license privileges to boost their revenues. In the last 3 years over 50 cities in California have added sales levies. Three cities have adopted an income tax. By 1946 a dozen or more city governments were deriving from 15 to over 25 percent of their revenues from a single nonproperty tax levy.

The first city to experiment with a local income tax was Philadelphia. This tax, adopted in 1940, is a modified income tax which applies only to wages and salaries. The apparent success of this venture has influenced at least two other cities, Toledo and St. Louis, to adopt similar taxes, although the St. Louis tax was declared invalid by the Missouri Supreme Court.

When efforts to obtain additional revenues from customary sources are exhausted, localities will probably turn more and more to taxes which heretofore have been considered feasible only for State and national levels of government. Continued widespread entrance of the local tax collector into the field of income and excise taxes may exert a depressing influence upon State revenues from which the bulk of grants-in-aid is sustained. To date, however, little has been done to promote an integrated program of taxation adapted to the needs of various governments.

Increased State aids or assumption by the State of certain local functions is one alternative to expanding local taxing authority. Precedents for States assuming greater responsibility for local functions have recently been established. Perhaps the most notable example of this trend is to be found in North Carolina, where the State has assumed primary responsibility for local schools and roads. In West Virginia, supervision and control of county roads is now entirely a State function.

# PROPERTY TAXES AS PERCENTAGE OF TAX REVENUES OF LOCAL GOVERNMENTS, 1932 AND 1942-46



BASED ON CENSUS DATA FOR COUNTIES AND FOR CITIES HAVING OVER 25,000 POPULATION  
DATA FOR 1946 ARE PRELIMINARY

# Nontax Revenues

Moderate increases in revenues of localities from nontax sources were registered during the war years. Charges and earnings (consisting largely of fines and recording or registration fees), receipts from locally owned public utilities, and miscellaneous items accounted for a large part of locally derived nontax revenue.

State aids, another important source of funds for localities, remained fairly stationary over the war years. In general, State aids to local governments are made on the basis of rigidly established formulas which cannot be changed except by legislative action.

In 1932, aids to localities from all sources amounted to less than 10 percent of total local revenues. During the decade 1933 to 1942, State aids assumed a position of importance in local revenues second only to property taxes. In 1942, State aids accounted for roughly 24 percent of total local revenues. Thus, during a period in which State governments were taking over more local functions (especially relief or welfare functions), aids to localities continued to increase significantly. Table 2 indicates the trend of aids in local revenues since 1932.

Table 2.- Trends in State aids received by local governments, 1932 and 1942-45

Year	Aids received from State governments	Total local revenues	State aids as a percentage of total local revenue
	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>Percent</u>
1932	1/ 867,869	6,643,982	9.3
1942	1,679,931	7,074,718	23.7
1943 <sup>2/</sup>	1,631,783	7,034,952	23.2
1944 <sup>2/</sup>	1,688,515	7,162,198	23.6
1945 <sup>2/</sup>	1,741,876	7,271,449	24.0

1/ Includes aids received from other governments.

2/ For units other than counties and cities having 1940 populations over 25,000, 1942 figures are used.

Government Finances in the United States: 1942, County Finances: 1945, City Finances: 1945, Bureau of the Census.

Dependence of localities upon State aids varies considerably between States and between types of localities within a given State. Grants-in-aid to county governments from all sources in 1945 amounted to 35.2 percent of total revenues; whereas for cities having 1940 populations over 25,000 total aids accounted for only 17.9 percent of revenues. Generally, cities have greater taxing capacity and more freedom in exercising the taxing authority than do rural county governments. A recent Census report reveals that the importance of State aids in the revenues of county governments for the year 1945 ranged from less than 1 percent in Missouri to 71.4 percent in Colorado.



Current Problems and the Outlook for Local Finances

The problem of obtaining revenues to meet postwar needs for more and better community services and facilities is almost universal. Wartime shifts in population, coupled with a marked increase in the rate of population growth which began in the early war years, has in many areas rendered entirely inadequate the present physical capacities and personnel forces of schools and hospitals. Increased juvenile delinquency has focused attention upon a general lack of recreation facilities in both rural and urban communities. The problem of maintaining adequate personnel to carry on the functions of local government has been further complicated by the added drain upon available revenues to provide salary increases for present employees. In many areas minimum salaries for teachers have been established or existing minimums have been revised upward. These newly established pay scales granted to offset rising costs of living are considerably higher than the salary level of past years. Thus local governments are faced with the urgent necessity of expanding facilities and providing higher salaries for personnel with a revenue system that was scarcely adequate to provide funds for maintaining prewar levels of service. A continuation of the present upward spiral of prices may render revenue capacities of many localities inadequate to maintain even the present minimum standard of services. Programs for expanding facilities and services will probably be further postponed, regardless of needs.

In the past, local units have relied primarily upon borrowing to provide funds for expansion programs which required large capital outlays. Generally, capital expenditure fluctuates with the level of business activity. The pattern to date shows that capital outlays of local governments have been highest in periods of stimulated economic activity and lowest in periods of depressed business activity.

Although Census data indicate that the trend in capital expenditures in the present period may follow the traditional pattern, several new factors may change the previous course of expenditures. An acute shortage of building materials is of primary importance. Numerous major expansion programs have been delayed or postponed indefinitely because of scarcity of materials. Some localities have made a conscious effort to defer major construction activities for the present in order to build up a work shelf of projects to serve, in the event of a recession, as a cushion for declining employment levels. Lack of a unified program of planning public works at the community level, however, relegates this factor to a position of secondary influence.

The present credit position of local governments, especially rural county units, is relatively strong. A high percentage of local tax collections (or a low rate of tax delinquency), and virtually forced curtailment of capital expenditures which limited new bond flotations during the war years contributed to a continual reduction in local debt. Immediately following the war, scarcity of construction materials, mentioned previously, prompted to some extent postponement of large capital expenditures. This helped to make possible continued reductions in local debt.

### Barriers to Expanding Local Tax Revenues

Adequate productivity is of course an important aspect of the tax structure. In periods of either rapidly rising prices or population growth, added revenues must be obtained to meet the increasing costs of maintaining public services and facilities. Continued primary reliance upon a one-tax source of revenue has virtually forced local jurisdictions into a fiscal strait-jacket. Because of the extent to which revenue-raising activities of localities center around the property tax, it is extremely important to attain a high degree of efficiency in property-tax administration. Therefore, expanding the revenue capacities of local units is to a great extent a problem of improving the system of property taxation. Tax measures should possess a degree of flexibility sufficient to counter moderate changes in revenue requirements. The extent to which this characteristic prevails in the property tax has to some extent been altered by legislation enacted from time to time since its adoption as the primary source of revenue for State and local governments.

#### Tax-Limitation Laws

An immediate barrier to procuring increased revenues for local governments over a short period exists in the form of property-tax limitation laws. Although the long-time net effect of these laws appears not to have seriously limited total taxes on property, they do often interfere with short-time adjustments in revenue needs and create special problems for local authorities over a given tax period.

Rate limitations of some importance appear in the constitutions or statutes of 42 States. The type and severity of these limits vary considerably between States and even between localities within a State. The various types of limitations and the extent to which they exist are shown in table 3.

An explanation for the existence of tax limitation laws has been stated as follows:

The pattern of business fluctuations offers the clearest understanding of tax-limitation history. Widespread enactment of constitutional and statutory restrictions dates from the depression of 1873, and the crisis of 1929 produced the first major movement for over-all property-tax limitation. All blanket limits now in effect (in 9 States), have been enacted since 1932.<sup>1/</sup>

The two types of tax-rate-limitation laws, constitutional and statutory, differ widely between States both as to the severity of limits and as to the exceptions permitted. In several cases, levies above the maximum rate stipulated in the law may be made when authorized by popular referendum. In some States, however, the amount of the increase is also limited by law.

<sup>1/</sup> Local-State-relations. The Council of State Governments, 1946, p. 107. Words in parentheses added.

Table 3.- Classification of States according to stringency of property-tax limitation

State	Over-all property-tax limits	General constitutional limits	General statutory limits	Percentage increase in tax rates	General and special limits of partial application	No general limits or special limits of importance
Alabama . . . . .		X				
Arizona . . . . .				X		
Arkansas . . . . .		X				
California . . . . .				X		
Colorado . . . . .				X		
Connecticut . . . . .						X
Delaware . . . . .						X
Florida . . . . .		X				
Georgia . . . . .			X			
Idaho . . . . .			X			
Illinois . . . . .			X			
Indiana . . . . .	X					
Iowa . . . . .			X			
Kansas . . . . .			X			
Kentucky . . . . .		X				
Louisiana . . . . .		X				
Maine . . . . .						X
Maryland . . . . .					X	
Massachusetts . . . . .						X
Michigan . . . . .	X					
Minnesota . . . . .			X			
Mississippi . . . . .			X			
Missouri . . . . .		X				
Montana . . . . .			X			
Nebraska . . . . .			X			
Nevada . . . . .	X					
New Hampshire . . . . .						X
New Jersey . . . . .					X	
New Mexico . . . . .	X					
New York . . . . .		X				
North Carolina . . . . .			X			
North Dakota . . . . .			X			
Ohio . . . . .	X					
Oklahoma . . . . .	X					
Oregon . . . . .				X		
Pennsylvania . . . . .			X			
Rhode Island . . . . .	X					
South Carolina . . . . .			X			
South Dakota . . . . .			X			
Tennessee . . . . .					X	
Texas . . . . .		X				
Utah . . . . .			X			
Vermont . . . . .						X
Virginia . . . . .			X			
Washington . . . . .	X					
West Virginia . . . . .	X					
Wisconsin . . . . .			X			
Wyoming . . . . .		X				
Total . . . . .	9	9	17	4	3	6

State-Local Relations, Council of State Governments, 1946, table 5, p. 105.

In addition to the constitutional and statutory rate limitations, some localities have unwritten limitations - political maximums - to which local tax officials adhere quite rigidly.

Through means of voting levies outside the limitation laws and by resorting to use of special assessments which, within the meaning of limitation laws, are not a tax, the effectiveness of tax limits has been reduced considerably. For example, a number of localities have introduced special assessments or charges for garbage and refuse collections.

In the absence of alternative methods of raising revenue for local governments (especially in rural areas), tax limits on property which interfere materially with the flow of revenue necessary to maintain established local facilities and services are often circumvented. Methods and techniques for minimizing impacts of tax limitation laws, however, may often be hastily conceived and inequitable.

#### Tax Exemptions

Another much used device which affects local revenues and over which localities have little or no control is tax exemption. In general, exempt property includes any real property belonging to governments, churches, charitable organizations, schools, and limited nonprofit civic organizations. Next to Government-owned property the most important type of exemption is that on homesteads. Thirteen States now grant exemptions of this type. A few States grant limited exemptions to new industries to encourage their location in certain areas. The return to civilian status of millions of World War II servicemen brought about a new series of State laws extending or granting exemptions from certain property taxes to the new veterans.

Homestead-exemption laws came into being much the same way as did tax-rate-limitation laws. The most frequently used argument in support of exemption laws is that they encourage home ownership. The existence of tax-limitation laws and many other complicating factors make it difficult to evaluate the effects of homestead exemption on home ownership. Basically, the movement may be characterized as a depression phenomenon. In the 13 States where homesteads are granted preferential treatment, the laws came into existence during the period 1932-39.

The effects of homestead exemptions upon tax revenues vary widely among States. Exempt value limitations range from \$500 in Wyoming to \$5,000 in Florida and Mississippi. In addition to value limitations some States have area limitations for both urban and rural properties. In the case of urban properties the limits vary from 1/2 to 1 acre. Six States limit rural parcels to 160 acres. Also, because of differences in property-ownership patterns, wide variations exist among local units within a State. A study of the effects of homestead exemptions by the Oklahoma Tax Commission reveals that, in Oklahoma, value of exempt homesteads as a percentage of total assessed valuation for the year 1946, ranged from 5.76 percent in one county to 29.80 in another. In some cases, local governments are reimbursed by the State for revenue losses resulting from exempting homesteads. For example, the State governments of

Iowa, Louisiana, and Wyoming return revenues to local units on this basis. Mississippi also reimburses local governments to the extent of losses from homestead exemptions, provided no taxes for paying interest on or retiring outstanding debts are exempt.

Aside from undermining the local tax base, tax exemptions may be subjected to various other criticisms. Studies to determine who actually bears the burden of exemption costs have not been adequate to permit an over-all evaluation of the benefits of tax exemptions. An evaluation of the incidence of these costs might reveal that their allocation is inequitable from the standpoint of ability to pay or of benefits received.

### Poor Assessment Practices

From its inception, one of the more serious weaknesses in the system of property taxation has been inaccurate assessments. Although methods for valuing all types and classes of property have by no means been perfected, great improvements can be made in property assessments through widespread acceptance and use of techniques which have been tested sufficiently to demonstrate their usefulness. Tax maps to locate and check dimensions of parcels of real property, soil-productivity ratings for valuing farm land, sales and lease records for urban properties and standard depreciation rates are useful tools which might be used to much greater advantage. Efforts are being made in some States to acquaint local tax officials with the latest developments in property-appraisal methods through the medium of "Schools for Assessors." In the last 2 years such schools have been sponsored in over a dozen State universities and colleges. Several State tax commissions now provide trained men to assist county and city officials with their assessment problems.

Escape of a great mass of personal property from the tax rolls through careless assessment practices deprives localities of considerable revenue. Indifference on the part of local tax officials toward listing personal property has led several States to make liberal exemptions, especially on household property. Preferential or "coaxing" rates are sometimes applied to intangible personalty to induce owners to report this type of property. In at least two States, New York and Delaware, personal property is no longer taxed. Experience of some localities in dealing with personal property has proved, however, that it is possible to keep certain types of personalty on the tax rolls and thus maintain a lucrative source of revenue.

Because of the difficulty of locating intangible property, a greater degree of effectiveness can be obtained by State supervision and control over its assessment. The assessment of tangible personal property, however, can be carried on successfully by aggressive local assessors.

The trend of State governments away from the use of property taxation may have an important bearing on the extent to which improvement in local assessments is made. At the present time 19 State governments do not levy a tax on property. Unless active interest in the effectiveness of local property-tax administration is maintained by States after their withdrawal from the field, much of the impetus to improve assessments in local areas may be lost.



Concluding Comments

The importance of primary services and facilities provided by local governments has to some extent been overshadowed by emphasis upon fiscal problems of governments. Although schools, roads, and public health services have become increasingly a partial responsibility of the State, in many instances localities are still required to bear a greater proportion of the burden of supporting these functions than local fiscal capacity justifies. Rapid growth and shifting of population during and immediately following the war has focused attention upon the plight of many communities faced with the problem of obtaining revenues to support service-expansion programs.

Fiscal capacity of localities should be utilized to the fullest extent in support of local functions. The greatest degree of freedom consonant with a sound program of taxation should be extended to local taxing units. Except in instances where the State withdraws from or foregoes levying a specific tax, however, wide-scale entrance of local governments into the field of excise and income taxation may exert a depressing influence on State tax collections. This in turn may affect adversely the capacity of States to maintain a flexible program of grants-in-aid to localities.

Although the general property tax has certain undesirable qualities which could not be alleviated under the most efficient administration, nevertheless this form of taxation is particularly suited to the administrative machinery of local governments. The present trend of localities into the non-property-tax field to a large extent has been dictated by pressure of demand for more and better services.

Tax-exemption and rate-limitation laws should be given additional careful study to determine their specific effects upon the local tax structure. Because of jurisdictional limitations even a full measure of local tax effort often will fall short of providing necessary revenues to maintain functions of local units. Therefore, a program of State aid may be a necessary adjunct to local revenues. The alternative to continuing and increasing grants-in-aid programs appears to be further concentration of responsibility for more of the functions performed by local governments in the agencies of the State.

PRODUCTION RISKS OF THE INDIVIDUAL FARMER, WITH PARTICULAR  
REFERENCE TO WEATHER RISKS

E. Lloyd Barber

The farm business, as a type of enterprise, is characterized by continuous fluctuation in income. The return to the individual farm operator, consequently, is usually highly uncertain. Much of this uncertainty can be attributed to year-to-year fluctuations in the prices at which farm products are marketed. Even if farm prices were stabilized, however, many elements of uncertainty would remain. The production risks inherent in farming are more extreme than in most other types of enterprise.

In the discussion which follows, an attempt is made to outline the principal production risks and to analyze their economic significance in farm operation. Particular consideration is given to weather risks, since for much of American agriculture the risk problem is largely conditioned by weather. The point of reference throughout the discussion is the individual farm operator.<sup>1/</sup>

Types of Production Risk

To employ his resources effectively, the farm operator must plan their use in the face of many risk factors, the outcome of which he cannot foresee and which, if they develop unfavorably, will result in loss of income. An enumeration of the production risks which will be found in some degree on almost all farms would include the following:

1. Risk of unfavorable crop yields, caused by weather, plant diseases, or insect pests;
2. Risk of animal loss from weather, disease, or accident;
3. Risk of property loss as a result of fire, windstorm, hail, flood, accidents, etc.;
4. Risk of loss arising from legal liability for accidents to the person or property of others.

On the family-type farm, the risk of personal or family loss from sickness, disability, or death, although in considerable measure not a production risk, is also an important part of the farm-risk problem.

<sup>1/</sup> Price uncertainty, although an important component of the farmer's income uncertainty, is not considered here because it is different in nature and requires a different type of analysis from that for the production risks. The terms "risk" and "uncertainty" are used as defined by Frank H. Knight in his *Risk, Uncertainty, and Profit*. (London: London School of Economics, 1933).

### The Economic Significance of Risk

Farm-production risks have economic significance in two important respects: (1) Risks involve costs which are borne in the first instance by the farm operator or by those who hold title to agricultural resources, depending upon the incidence of the risk; (2) risks contribute to fluctuations in the financial return on resources invested in agriculture and, in particular, to fluctuations in the income of the farm family.

As costs, risks materialize in the form of property or income losses which are borne initially by the farm operator or, in the case of tenant-operators, jointly by landlord and tenant depending upon the terms of the rental agreement. Where it has become common practice to insure a risk, the cost of insurance is identified as an element of production cost in contracts involving future production - e.g., rental agreements, contracted supply arrangements, etc. Whether or not a risk is generally insured, to the extent that it is recognized and estimated in planning production it becomes part of the estimated production costs and tends with the long-run adjustments in agriculture to be shifted to consumers or to be reflected in the value of farm property.

Is it possible to estimate the production cost attributable to risk? Although unpredictability is the essence of risk, estimates of expected rates of loss occurrence can be made on the basis of the pooled experience of a large number of farms. For the individual farmer, fires, accidents, and crop failures occur in haphazard or random fashion, yet the history of such occurrences for a group of farms makes it possible to estimate the expected average "loss-cost" with considerable accuracy. Serious practical limitations do exist in many cases, however, because of the absence of records showing the frequency and severity of losses which have occurred in the past.<sup>2/</sup>

It is important to recognize also that an estimate of risk is a group estimate, and that it is valid for the group rather than for an individual farm. Even over a long period of years a farmer may experience losses which are more or less frequent or severe than average. Thus, although estimates based on group frequencies of occurrence provide farm operators with a basis for anticipating the average cost of risks, there is no assurance that the cost would not be appreciably higher or lower than the average if they endeavored to carry their own risks. If insurance is available, farm operators can contract to accept the average group rate as a known fixed cost, thus shifting the risk to the insurance organization.

The other significant economic aspect of agricultural risk - the fact that it contributes greatly to the fluctuating and uncertain character of farm income - should be examined in relation to the financial circumstances of farm operators. The essence of the problem lies in the possibility that farmers may be confronted with a series of income losses which create hardship by seriously

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<sup>2/</sup> It is also difficult to determine from past losses the extent to which a given loss can be attributed to failure to exercise good management. A summary of risk costs must be related to types of management practices in much the same fashion that the premiums calculated by insurance companies are based on a risk classification.

reducing the amount of working capital, or driving the scale of family living to a low level.

This problem becomes acute to the extent that farmers do not have sufficient reserves or are unable to obtain credit to carry them over unfavorable years. Building reserves in the form of feed, seed, cash, or other realizable assets, and reducing the fixed charges against farm income afford protection against income fluctuations due to risk. The availability of credit with which to obtain needed working capital after a crop failure or other serious loss would serve similarly to minimize the effects of risk on farm income.

Many risks can normally be assumed by the farmer without endangering his financial position. Protection is needed against those contingencies which involve a substantial proportion of total working capital, or against a sustained series of losses. The first-mentioned need is partly reflected in current insurance practice. Insurance against fire is one of the most common types of farm insurance. All-risk livestock insurance, on the other hand (with the exception of large poultry flocks), is little used in the United States, although there are a few examples which show that insurance organizations can insure this type of risk successfully. Farm livestock losses in American agriculture are usually small for the individual farm in comparison to the total investment. In contrast, livestock insurance was widely used in prewar Europe and reflected the need of the small European farmer for protection as the death of one animal would have meant the loss of much of his capital.

#### Weather Risks

Up to this point the implications of risk for the farm business have been discussed in quite general terms without distinguishing different types of risk. Because of their importance as a problem in risk-bearing, the weather risks involved in crop production deserve particular consideration. The discussion which follows is directed entirely to the problems these risks create.

In at least two respects weather risks differ essentially from the other risks enumerated above: (1) Weather risks materialize in the form of continuous variability in the outcome of crop production rather than as unusual contingencies occurring only infrequently, and (2) the occurrence of a sequence of losses is common. The term "loss" with respect to yield risks is defined as the deviation below the normal or average expected yield for the farm as a result of unfavorable weather. In this sense, the losses of unfavorable years are offset by the higher than average yields during years of favorable weather.

Farm management and planning in most areas involves almost continuous adjustment because of yield variability. Decisions as to replanting, finding alternative sources of feed, or planning additional sources of income when prospects for the principal crop are poor are all part of the normal task of farm management. With flexibility of organization and the accumulation of reserves a considerable degree of yield risk can be assumed by the farm business. Yield variability makes it possible for the farmer to accumulate reserves of feed and seed during the favorable years; also, if the higher yields during favorable years are not offset by a lower market price, reserves of cash or other assets can be increased, and outstanding liabilities reduced.

When extremely low yields are encountered, however, particularly over successive years, so that farm living standards are affected and the operating efficiency of the farm is impaired by a shortage of working capital, risk-bearing becomes a problem with which the farm business cannot successfully cope. During the period when Federal crop insurance was available nationally, farmers raising wheat, cotton, and flax had an opportunity to insure against unfavorable yields and thus attain the equivalent of yield stability. This program, although still in the developmental stage, reflects the need for spreading yield risks so that the full burden of extreme losses does not fall upon the individual farm business.

#### Weather Risks and Land Values

In that area of the Great Plains west of the 100th meridian, rainfall is the principal limiting factor in crop production. Successive years when rainfall is inadequate tend to occur alternately with periods of highly favorable or average rainfall. Weather uncertainty is characteristic of the area.

Because of the widespread importance of weather variability, one would expect farmers and others investing in agricultural resources in the area to anticipate a variable yield return and take it into account when buying land or other fixed resources. As yield variability is a function of the climatic characteristics of an area, broad estimates of the degree of variability can be made for a type-of-farming area. If yield variability were anticipated by those investing in agricultural resources, it would be reasonable to expect land values in the areas of greatest variability to be discounted for the risk. Too frequently in the past, however, land has been purchased during a period of favorable yields at a price which did not properly discount the yield risks associated with the area.

To illustrate the adjustment of land values to reflect yield risks following a period of widespread crop failure, the following example is cited. County average farm values of land and buildings per acre, as given by the Agricultural Census, have been assembled for 18 counties in the specialized wheat-farming area of northern North Dakota for the years 1930, 1935, and 1940. On the assumption that there was in this area a relationship between land values and wheat yields over the preceding 5-year period, county average wheat yields were computed for the periods 1925-29, 1930-34, and 1935-39.

For each county the average value of land and buildings per acre in 1935 and in 1940 were expressed as percentages of the values reported for 1930; also the 5-year-average wheat yields over the periods 1930-34 and 1935-39 similarly were converted to percentages with yields over the period 1925-29, as a base. These ratios were used as a convenient means of expressing the percentage changes in land values and wheat yields over a 5- and a 10-year period after 1930. (See tables 1 and 2.) Correlation of the county percentage-yield ratios with the percentage land-value ratios produced the following coefficients:

1935 to 1930 . . . . . -0.19221

1940 to 1930 . . . . . +0.81577



Table 1.- Adjustment of land values to changes in wheat yields in 18 counties of northern North Dakota, 1930 to 1935 <sup>1/</sup>

Area and county	Average wheat yields in 1930-34 as a percentage of average yields in 1925-29	Land values in 1935 as a percentage of land values in 1930
	<u>Percent</u>	<u>Percent</u>
Northeast:		
Cavalier	72.3	71.2
Grand Forks	75.7	72.4
Nelson	71.2	66.3
Pembina	95.3	72.2
Ramsey	62.7	63.5
Towner	65.6	77.0
Walsh	77.6	80.0
North Central:		
Benson	63.3	73.2
Bottineau	51.3	81.1
McHenry	51.4	76.0
Pierce	56.0	73.4
Rolette	75.8	88.1
Northwest:		
Burke	41.3	79.9
Divide	47.3	69.8
Mountrail	40.0	74.3
Renville	42.9	83.8
Ward	45.2	76.4
Williams	45.6	79.0

<sup>1/</sup>  $r = -0.19221$ .

The absence of correlation in the percentage yield and value changes from 1930 to 1935 suggests that the drought years before 1935 had little immediate effect in determining the differential reduction in land values which occurred among the counties after 1930. By 1940, however, the percentage reduction in values was closely related, county by county, to the percentage reduction in yields over the period.<sup>3/</sup>

The significance of the relationship is more evident when the counties are grouped so that the northeastern, north-central, and northwestern counties can be analyzed separately. (See table 3.) The percentage decline in the 5-year average yield of wheat from 1925-29 to 1930-34 was 25.7 percent for the

<sup>3/</sup> Undoubtedly the price of wheat, which fell sharply after 1930, contributed to the decline in land values over this period. As it could be expected to affect values by about the same degree in all counties, however, it cannot be used to explain differences in the percentage reduction in values among the counties.

northeast, 40.4 percent for the north central, and 56.3 percent for the northwest, yet the decline in land values from 1930 to 1934 was 28.2 percent for the northeast, but only 22.0 percent and 22.6 percent for the north central and northwestern counties, respectively. Over the period 1935-39, county average wheat yields showed a further small decline in all areas. By 1940, farm land values had fallen below those of 1930 by 35.0 percent in the northeast, 48.7 percent in the north central, and 51.9 percent in the northwest.

Table 2.- Adjustment of land values to changes in wheat yields in 18 counties of northern North Dakota, 1930 to 1940 <sup>1/</sup>

Area and county	Average wheat yields in 1935-39 as a percentage of average yields in 1925-29	Land values in 1940 as a percentage of land values in 1930
	Percent	Percent
Northeast:		
Cavalier	67.4	59.6
Grand Forks	77.9	68.1
Nelson	48.0	48.9
Pembina	96.9	83.1
Ramsey	54.5	54.0
Towner	72.0	52.2
Walsh	84.3	83.9
North Central:		
Benson	60.8	47.1
Bottineau	58.3	52.8
McHenry	51.4	47.7
Pierce	51.2	51.2
Rolette	64.2	58.5
Northwest:		
Burke	29.8	45.6
Divide	31.3	44.7
Mountrail	37.4	38.1
Renville	36.5	50.6
Ward	45.2	49.2
Williams	36.8	60.1

<sup>1/</sup> r = +0.81577.

These data appear to warrant the inference that land values in the north central and northwestern areas of North Dakota in 1940, as measured by the Agricultural Census, were strongly influenced by the series of low yields that occurred in these areas over the previous 10 years. They suggest, also, that relative to values in the northeastern counties, land in the north central and

northwestern counties had previously been overvalued in the sense that the value failed to reflect a greater degree of yield risk.<sup>4/</sup>

The above example concerns only a small section of the northern Great Plains. The same analysis applied to 32 counties in the winter wheat area of south-central and southwestern Kansas for the same periods yielded similar results. The coefficient of correlation between 1935/1930 ratios of land values and 1930-34/1925-29 ratios of wheat yields was only +0.10790. In the correlation of 1940/1930 ratios of land values with 1935-39/1925-29 ratios of wheat yields, a coefficient of +.87380 was obtained.

Although this analysis is by no means conclusive, it suggests that short periods of favorable yields cause many farmers to misjudge the yield risks which may materialize over a longer period. This is a field in which much additional research is needed. Much useful work could be done by obtaining from yield histories and weather records estimates of the degree of risk associated with different climatic and type-of-farming areas.

In conclusion, it will be useful to restate two general points which have been made in the foregoing discussion: (1) Production risks, whether insured or assumed by the farm operator, should be viewed as costs and given explicit recognition both in the evaluation of farm enterprises and in the pricing of farm resources. (2) Risks are an important source of the instability of farm income; if the risks are accurately anticipated, measures to cushion the impact of losses and minimize the effect of variable returns can become an essential part of farm planning.

Notwithstanding the gradual extension of insurance from both public and private sources to afford protection against an increasing number of farm risks, risk-bearing will probably continue as one of the chief functions of the farm business. This discussion has pointed to the need for a realization by farmers of the nature and extent of the risks they face. Perhaps the most important step in this direction is the preparation of accurate risk estimates.

<sup>4/</sup> The few North Dakota weather stations with long records of precipitation indicate a greater weather risk in the western counties. The following four stations (Moorhead, Minn., is included to represent the extreme eastern counties) show that the average annual precipitation declines markedly as one proceeds from East to West:

	<u>Williston</u>	<u>Bismarck</u>	<u>Devil's Lake</u>	<u>Moorhead, Minn.</u>
Years of record:	68	72	50	66
Annual precipitation:				
Average (inches)	14.49	16.35	17.54	21.74
Coefficient of variation (percent)	24.30	24.32	22.37	24.62

Since the variability of precipitation from year to year, as measured by the coefficient of variation, is approximately the same for all 4 stations, the more western counties could be expected to experience a greater number of years when precipitation is inadequate for crop production.

Table 3.- Average land and building values per acre for selected years, and average wheat yields per harvested acre for selected periods, together with ratios between years or periods, based on 18 counties in three regions of northern North Dakota

Item and year or period	Northeast <u>1/</u>	North Cen- tral <u>2/</u>	Northwest <u>3/</u>
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
Average value of land and buildings per acre: <u>4/</u>			
1930 . . . . .	32.68	24.19	21.03
1935 . . . . .	23.46	18.88	16.27
1940 . . . . .	21.25	12.40	10.11
Percentage ratio:			
1935 to 1930 . . . . .	71.8	78.0	77.4
1940 to 1930 . . . . .	65.0	51.3	48.1
	<u>Bushels</u>	<u>Bushels</u>	<u>Bushels</u>
Average wheat yields per harvested acre: <u>5/</u>			
1925-29 . . . . .	13.2	11.7	12.0
1930-34 . . . . .	9.8	7.0	5.3
1935-39 . . . . .	9.5	6.7	4.3
Percentage ratio:			
1930-34 to 1925-29 . . .	74.3	59.6	43.7
1935-39 to 1925-29 . . .	71.6	57.2	36.2

1/ Cavalier, Grand Forks, Nelson, Pembina, Ramsey, Towner, and Walsh Counties, N. Dak.

2/ Benson, Bottineau, McHenry, Pierce, Rolette Counties, N. Dak.

3/ Burke, Divide, Mountrail, Renville, Ward, and Williams Counties, N. Dak.

4/ Sixteenth Census of the United States (1940), Agriculture, Vol. 1, Part 2.

5/ North Dakota State College, Department of Agricultural Economics, Crop Yields by Counties for North Dakota.

## WHAT THE WAR HAS DONE TO AGRICULTURAL CREDIT FACILITIES IN JAPAN

Ralph U. Battles<sup>1/</sup>

Japanese farmers, one of the most debt-ridden groups of people in the world for many years before the recent war, are now substantially out of debt. At the same time, the Japanese Central Cooperative Bank of Agriculture and Forestry and many of their agricultural associations through which agricultural credit is made available are insolvent or impaired. The reasons why these two seemingly conflicting economic circumstances exist side by side needs to be explained against a background of the peculiarities of Japan's agricultural credit system and of Japanese agriculture itself.

### Characteristics of Japanese Agriculture

Japan proper, which consists of the four main islands of Hokkaido, Honshu, Shikoku, and Kyushu, in addition to about 1,000 adjacent small islands, is smaller in total area than the State of California. Of this total land area, only 16 percent, or 14,208,000 acres, are used for cultivation. This relatively small area under cultivation is divided into 5,698,000 farms averaging 2.49 acres each and with a median of 1.64 acres. In other words, the 14,208,000 acres of land under cultivation in Japan are divided into almost as many farms as are the 450,694,226 crop-acres in the United States.

Even these small farms are almost always divided into separate patches. It is not uncommon for a farm of average size to be divided into 10, 15, or more plots, none adjacent to any other. This type of ownership pattern necessarily places farming on such a small scale that it is primarily a hand operation.

Japan's total population is estimated to be between 76,000,000 and 80,000,000 people, approximately 47 percent of whom derive all or a part of their income from agriculture. About 68 percent of all Japanese farmers are either tenants or part-tenants and these till nearly 50 percent of the cultivated land.

The uneven distribution of land ownership in Japan is shown by the fact that 50 percent of all farm owners possess only 18 percent of the land; 75 percent own not more than 34 percent of the land; and 97 percent own 71 percent of the land. The remaining 3 percent own 29 percent of the land.

In order that landownership could be transferred to farmers who actually till the soil and to improve farm-tenancy practices for those who continue as

<sup>1/</sup> Ralph U. Battles, Assistant Chief, Economic and Credit Research Division, Farm Credit Administration, spent 2 months in Japan at the request of the War Department to study agricultural credit institutions in that country and to make recommendations for reorganization of the Central Cooperative Bank for Agriculture and Forestry.



tenants, legislation was enacted late in 1946 by the Japanese Diet under the supervision of SCAP (Supreme Command Allied Powers) to authorize a land-reform program. Under this program, the following lands are subject to purchase by the Government for resale to tenants:

1. All tillable lands owned by absentee landlords.
2. All tenant-operated lands in excess of 1 cho (2.45 acres) in Kyushu, Shikoku, and Honshu, and 4 cho (9.80 acres) in Hokkaido.
3. All owner-operated lands (except in special circumstances) which exceed 3 cho (7.35 acres) in Kyushu, Shikoku, and Honshu, and 12 cho (29.40 acres) in Hokkaido.
4. All tillable lands owned by corporations which do not relate directly to the principal objective of that corporation.

Tenants may pay for all or any part of the land at the time of purchase and any balance in 24 annual installments with interest at 3.2 percent. In the case of crop failure or low farm prices, the Government will either reduce, delay, or cancel the annual payment.

The law also provides for improvement in tenant practices by requiring that (1) all principal elements of a lease be clearly stated in writing, (2) rent shall be paid in cash, (3) rent ceilings shall be established of 25 percent of the production from paddy and 15 percent from upland fields, and (4) provision is made for cancellation or alteration of rent contracts subject to approval by the local Land Commission which is the local administering body of the land-reform program.

### Prices Greatly Inflated

While steps were being taken by the Japanese Government to improve the tenure status of their farmers, economic forces brought about by the steeply rising price level were resulting in a sharp reduction in debts owed by individual farmers. The extent of the rise in prices of agricultural commodities and agricultural supplies, and in cost of living through March 1947 are indicated in table 1.

Table 1.- Indexes of prices of agricultural commodities, prices of agricultural supplies, and cost of living at selected dates (1938 = 100)

Item	December 1940	December 1943	December 1945	December 1946	March 1947
Prices of agricultural commodities . . . . .	160	169	185	4,231	6,622
Prices of agricultural supplies . . . . .	189	198	350	3,847	4,517
Cost of living . . . . .	199	256	1,000	7,976	11,264

Research Division, All Japan Agricultural Cooperative Union.

The steep rise in prices, especially since the end of the war, has come about despite a strict system of price controls for some agricultural commodities. The indexes shown in table 1 take into account an estimated quantity of controlled products that find their way into the markets at prices above the official quotations. Then, too, some commodities are not under price control.

### Farmers' Debts Reduced

Although all prices have advanced very sharply in Japan, prices of agricultural commodities have risen at a faster rate and to a higher level than have prices of agricultural supplies. This favorable position for the farmer has made possible a sharp reduction in their debts. As of September 30, 1946, (the latest date for which data are available) the total long-term and short-term debt of individual farmers was estimated at 1,337,071,000 yen, compared with estimates of about 4,717,424,000 yen at the peak in 1932 and 3,278,295,000 yen in 1940. The sources of these borrowings for 1940 and 1935 are shown in table 2.

Table 2.- Farm debt by type of lender<sup>1/</sup>

Creditor	1946		1940		1935	
	Amount	Percent-	Amount	Percent-	Amount	Percent-
		age of total		age of total		age of total
	Mil. yen	Percent	Mil. yen	Percent	Mil. yen	Percent
Banks <sup>2/</sup> . . . . .			449	13.7	1,100	27.0
Agricultural associa- tions . . . . .	(Break-down not available)		607	18.5	700	17.0
Individuals . . . . .			1,206	36.8	1,300	32.0
Mutual aid financing associations . . . . .			662	20.2	700	17.0
Others . . . . .			354	10.8	300	7.0
Total . . . . .	1,337	100.0	3,278	100.0	4,100	100.0

<sup>1/</sup> Estimates of both long-term and short-term debts of individual farmers based on surveys.

<sup>2/</sup> Includes Hypothec Bank and Agricultural and Industrial Banks.

Compiled by Association of Financial Cooperative Society and Rural Finance Research Institute.

In general, banks and the agricultural associations are the lowest interest-rate lenders with rates on loans to farmers ranging from around 4 to 9 percent. The highest-rate lenders are individuals and mutual-aid financing associations, with rates ranging as high as 20 percent. In 1940, (the latest year for which a break-down of the data by type of lender is available) it is estimated that only 18.5 percent of all debts to individual farmers was held by the agricultural associations, and only 13 percent was held by banks, largely the Hypothec Bank and Agricultural and Industrial Banks.

Present Organization of Cooperative Credit System

The Central Cooperative Bank of Agriculture and Forestry is the central financing institution of the cooperative credit system of Japan. It is capitalized by the Government and its member associations as shown in table 3.

Table 3.- Capitalization of the Central Cooperative Bank of Agriculture and Forestry

Name of stockholder	Number of stockholders	Subscribed amount of capital stock
	Number	Yen
Japanese Government . . . . .	1	17,500,000
Agricultural Cooperative Societies . . . . .	10,386	26,306,900
Urban Credit Guild . . . . .	280	2,106,400
Cooperative Society of Forestry . . . . .	3,925	5,002,500
Cooperative Society of Fishery . . . . .	1,712	3,113,500
Cooperative Society of Harvest Insurance . . . . .	320	939,400
Cooperative Society of Cattle Insurance . . . . .	131	215,500
Cooperative Society of Fishing Boat Insurance . . . . .	55	224,000
Agricultural Land Planning Cooperative Society . . . . .	405	7,444,300
Cooperative Society of Meadow Administration . . . . .	45	136,200
Cooperative Society of Horse Breeding . . . . .	119	1,466,300
Cooperative Society of Salt Producers . . . . .	59	535,000
Sericultural Cooperative Society . . . . .	1	10,000
Total . . . . .	17,439	65,000,000

Letter dated 8 May 1947 addressed to Agricultural Division, National Resources Section, SCAP, from the Central Cooperative Bank of Agriculture and Forestry.

The agricultural associations, which are the principal stockholders of the Central Bank, include unit agricultural associations (city, town, and village) federated into associations at the prefectural<sup>2/</sup> level. The prefectural associations are in turn federated into the All Japan Agricultural Cooperative Union. In addition to providing credit and deposit banking functions for their members, the unit and prefectural agricultural associations provide purchasing, marketing, processing, warehousing, and other services for its members. Membership of farmers in the unit agricultural associations has been compulsory since 1943. Unit association membership in the prefectural agricultural federations and prefectural association membership in the All Japan Agricultural Cooperative Union also have been compulsory. As a result of these compulsory memberships, the Government has utilized this very tightly knit organization (Nogyokai) to carry out its food collection and control program, as well as the control of farmers' deposits and credit.

<sup>2/</sup> Prefectures are political subdivisions roughly corresponding to States in the United States. There are 46 prefectures in Japan.

The Central Bank of Agriculture and Forestry is the financing institution for the agricultural associations and their members. The president, vice president, auditors, directors, and council of 35 members are appointed by the Minister of Agriculture and Forestry and the Minister of Finance. The stockholders apparently have no control over the operations of the Central Bank.

Loans are made for agricultural purposes by the Central Bank to (1) the All Japan Agricultural Cooperative Union, (2) the prefectural agricultural associations, and (3) the unit agricultural associations either directly or through the prefectural associations. The unit associations, in turn, make loans directly to farmers. In addition, loans are made by the Central Bank directly to the other associations holding stock in the Central Bank, as well as to other corporations not organized for profit.

The source of funds for this cooperative credit system are primarily deposits by farmer members, which are for all practical purposes automatic because farmers are credited with deposits in payment for their rice and other farm products. Apparently farmers do not have full control over the type of deposit credited to them. In some instances, they may be time deposits which cannot be withdrawn for several years. The unit agricultural associations are required to redeposit two-thirds of their surplus funds with the prefectural agricultural associations, and the prefectural agricultural associations, in turn, are required to deposit two-thirds of their surplus funds with the Central Bank. Thus, pools of funds are formed at the village, prefectural, and national levels, from which loans are made.

As an additional source of funds, the Central Bank is authorized to issue bonds up to 10 times its paid-up capital. As of March 31, 1947, 33,262,000 yen bonds were outstanding, all of which were held by the Treasury Deposit Bureau.

#### Losses Incurred by Central Bank and Associations

The accumulations of deposits in the Central Bank, prefectural associations, and many unit associations have been larger in recent years than the amount of loans outstanding. For example, as of March 31, 1947, total deposits of the Central Bank amounted to 19,925,000,000 yen compared with total loans of 10,036,000,000 yen.<sup>3/</sup> Surplus funds are also available in most prefectural and many unit associations. During the last several years, a large amount of funds in excess of loans has been available for investment in other channels.

During the war, the Government controlled the investment of these surplus funds. As a result of Government-directed investments in various types of overseas assets, foreign and domestic securities, and loans to and deposits in financial institutions which have themselves incurred large losses as a result of the loss of the war, the central bank, the prefectural associations, and the unit associations have sustained losses which are estimated in the amounts shown in table 4.

<sup>3/</sup> Most of these loans are outstanding to associations other than agricultural and to nonprofit corporations which are not stockholders of the Central Cooperative Bank of Agriculture and Forestry.

Table 4.- Estimate of losses, resources available for losses, and amount requiring Government indemnification, February 1947

Institution	Loss	Resources available <sup>1/</sup>		Government indemnification <sup>2/</sup>	
		Amount	Percent-	Amount	Percent-
	1,000 yen	1,000 yen	age of total	1,000 yen	age of total
Central Bank . . . . .	2,042,285	95,133	5	1,947,152	95
Prefectural associations . . . . .	1,933,473	190,881	10	1,742,592	90
Unit associations . . . . .	838,890	503,268	60	335,622	40
Total . . . . .	4,814,648	789,282	17	4,025,366	85

<sup>1/</sup> Resources available include reserves, capital stock, and number 2 deposits. Number 2 deposits are all deposits which exceed 15,000 yen per family or 4,000 yen per person within a limit of 32,000 yen per family, whichever is greater.

<sup>2/</sup> This item represents the full amount of Government indemnification as prescribed by the law for Reconstruction and Readjustment of Financial Institutions. However, a limit of 10,000,000,000 yen is authorized for indemnification for losses on all financial corporations, and this may prove to be inadequate for full indemnification.

Planning Division, Central Cooperative Bank of Agriculture and Forestry.

The law for Reconstruction and Readjustment of Financial Institutions which was promulgated last year, prescribes specifically the sources from which losses are to be paid. All reserves, capital stock, and number 2 deposits are to be used first to make up losses, and the balance is to be made up by the Government in the form of bonds within the limit of 10,000,000,000 yen for all financial corporations provided in the law. Reserves, capital stock, and number 2 deposits amount to only 5 percent of the losses in the case of the Central Bank, 10 percent of the losses of the prefectural associations, and 40 percent of the losses in the case of the unit associations.

As the capital stock of the Central Bank will be completely eliminated through the application of the above law, a reorganization of this institution will be necessary. Likewise, most of the prefectural agricultural associations and many of the unit agricultural associations will require either complete recapitalization or restoration of impairment in their capital structure.

The immediate problem with respect to agricultural credit in Japan is one of financial reorganization of the cooperative credit institutions at all levels - national, prefectural, and village - in the midst of a period of great inflation in prices and instability of currency. As many of the associations which make up the largest stockholder group of the Central Cooperative Bank are themselves financially impaired, and as this impairment and the insolvency of the Central Cooperative Bank were due to losses sustained through Government-directed investments, it is logical that most of the funds needed for financial



rehabilitation of the system should initially come from the Government. At some later date when economic conditions become more stabilized, consideration should be given to the desirability of transferring ownership of the Central Cooperative Bank to the associations of farmers which it serves. This would gradually develop a true cooperative credit system.

Meanwhile, the cooperative credit system needs to be in a position to supply all the credit needed for full agricultural production, but extreme care will need to be exercised to prevent the use of credit in such a way as to feed the fires of inflation which are already present to an extreme degree.

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Oregon Makes Progress in Rural Fire Protection.- Following legislation in Oregon enacted 20 years ago, which authorized fire-protection districts in rural areas, 103 such districts, serving approximately 2,450 square miles of area, or an average of nearly 24 square miles per district, have been established. Twenty such districts, serving about 611 square miles, were established during the first 10 months of 1947.

Of 99 districts reporting, 41 have contracted with cities and towns for protection; 23 have their own equipment, which is housed in and manned by a town department (which may use it in case of emergency); and 35 own and operate their own equipment. In fact, 4 of the latter districts contract to serve nearby cities and towns in case of need. The State law provides that the tax levy of 4 mills for fire protection in a district may be increased to 14 mills by election.

Residents of such districts may receive reduced fire insurance rates if trucks are equipped to carry at least 500 gallons of water, as required by the State rating and inspection bureau. Some of the districts have booster tanks which carry as much as 600 gallons, and in addition a tank car carrying 1,000 gallons.



## REDUCTION IN NUMBER OF MORTGAGED FARMS DURING THE WAR

Harold T. Lingard

In direct contrast to the increase in farm-mortgage debt during and immediately after World War I, the recent war period saw a substantial reduction in the indebtedness secured by mortgages against the Nation's farms. In no other period of equal length has there been so large a percentage reduction in the outstanding debt, and only during the depression years of the 1930's was there a reduction that exceeded it in amount.

Even more striking was the change that took place in the number and percentage of farms under mortgage. Between 1940 and 1945, the number of farms under mortgage in the United States dropped from 2,363,777 to 1,711,665, or 27.6 percent (table 1).<sup>1/</sup> This compares with a small increase between 1935 and 1940 and a decline of 7 percent between 1930 and 1935. The percentage of farms under mortgage decreased from 38.8 percent in 1940 to 29.2 percent in 1945, which was well below the 34.5 percent reported for 1935. The 1945 estimates, prepared jointly by the Bureau of the Census and the Bureau of Agricultural Economics, show a smaller number of mortgaged farms and a lower proportion of farms under mortgage than for any other census year since the turn of the century.<sup>2/</sup>

As between tenure groups, the number of mortgaged owner-operated farms declined from 1,614,728 in 1940 to 1,269,471 in 1945, whereas the number of mortgaged farms operated by tenants and managers dropped from 749,049 to 442,194. During the same period, the percentage of owner-operated farms under mortgage was down from 43.7 to 32.0 percent and that of tenant- and manager-operated farms from 31.2 to 23.3 percent.

### Some Offsetting Factors

The changes in the percentage of farms under mortgage were in part governed by changes in the total number of farms. Between 1940 and 1945, when the number of mortgaged farms was falling to new low levels, the total number of farms was dropping from 6,096,799 to 5,859,169, a decline of about 4.0 percent.

<sup>1/</sup> During the same period, farm-mortgage debt declined 25.1 percent. Between other census years, changes in the number of mortgaged farms have seldom even approached the magnitude of changes in the amount of farm-mortgage debt, and in some instances the changes were not even in the same direction.

<sup>2/</sup> Cooperative report, Farm-Mortgage Debt in the United States: 1945, Bureau of the Census and Bureau of Agricultural Economics. This report presents data on number of mortgaged farms for census years back to 1930. Data as to number of tenant- and manager-operated farms under mortgage are not available for years before 1925, but even if one were to assume the low proportion shown for 1945 for those earlier years, the number and proportion of farms under mortgage would still be less in 1945 than for any census year since 1900.

In the case of tenant- and manager-operated farms, the decline was substantially greater, but it was largely offset by an increase in owner-operated farms. Because some of the farm units which went out of existence during this period undoubtedly were mortgaged, the reduction in total number of farms accounted for part, although only a small part, of the decline in number of mortgaged farms.

Table 1.- Number and percentage of farms under mortgage, by tenures, census years 1890-1945

Year	All farms			Owner-operated farms			Tenant and manager-operated farms		
	Total	Mortgaged		Total	Mortgaged <sup>1/</sup>		Total	Mortgaged	
		Number	Per- cent- age		Number	Per- cent- age		Number	Per- cent- age
	Number	Number	Pct.	Number	Number	Pct.	Number	Number	Pct.
1890	4,437,659	2/	2/	3/3,142,746	886,957	28.2	3/1,294,913	2/	2/
1900	5,722,452	2/	2/	3,638,403	1,127,749	31.0	2,084,049	2/	2/
1910	6,361,502	2/	2/	3,948,722	1,327,439	33.6	2,412,780	2/	2/
1920	6,448,343	2/	2/	3,925,090	1,613,306	41.1	2,523,253	2/	2/
1925	6,371,640	2,499,916	39.2	3,868,332	1,578,380	40.8	2,503,308	921,536	36.8
1930	6,288,648	2,523,223	40.1	3,568,394	1,591,701	44.6	2,720,254	931,522	34.2
1935	6,812,350	2,350,313	34.5	3,899,091	1,619,165	41.5	2,913,259	731,148	25.1
1940	6,096,799	2,363,777	38.8	3,699,177	1,614,728	43.7	2,397,622	749,049	31.2
1945	5,859,169	1,711,665	29.2	3,961,863	1,269,471	32.0	1,897,306	442,194	23.3

<sup>1/</sup> In case of part-owner farms, data are for owned portion only.

<sup>2/</sup> Data unavailable.

<sup>3/</sup> Manager-operated farms included with owner-operated farms.

The reduction in the number of mortgaged farms between 1940 and 1945 not only was considerable, but it was also taking place at a time when farm real estate transfers were at a high level and when many farms were becoming mortgaged. Estimates show that the number of voluntary sales rose from 34.1 per 1,000 of all farms in the year ended March 15, 1941 to the then record level of 55.9 per 1,000 in 1944, and was 51.5 per 1,000 in 1945. From 45 to 55 percent of the sales during this period involved mortgage credit. In the case of farms formerly free of debt, this was a factor in holding the proportion of farms under mortgage at a higher level than might otherwise have been the case. This was particularly true of the many farms acquired by institutions and individuals during the 1930's through foreclosure but which were not resold to farm operators and investors until after 1940. While in the hands of creditors these farms were usually free of debt, but when resold many became mortgaged.

Considering the large number of sales for cash, however, it is also probable that many of the farms which were sold between 1940 and 1945 were encumbered with debt before the sale but became free of debt as a result of the sale. Therefore, it is difficult to say what proportion of all farms might have been mortgaged in 1945 had it not been for this increased sales activity.

### Decline Sharpest in South and West

The sharpest declines in the number of mortgaged farms were reported in the South and West. The East South Central division showed the greatest drop with 40.5 percent fewer farms mortgaged in 1945 than in 1940. In the West South Central and South Atlantic divisions the number was down 31.1 and 29.6 percent, respectively (table 2). A decline of 31.6 percent occurred in the Mountain division. Individual States reporting declines in excess of 40 percent were Mississippi, Louisiana, Tennessee, Montana, Florida, New Mexico, and North Carolina.

The North also had fewer farms encumbered with debt in 1945 than in 1940, but the reduction in number was considerably less than elsewhere. The New England division showed the smallest decline, with a reduction of only 15.3 percent. Individual States in this region, however, reported changes which deviated considerably from the average for the region. In Rhode Island the number of mortgaged farms rose 5.1 percent, whereas declines of approximately 23 percent were reported for Maine, Vermont, and Connecticut. In Massachusetts there was little change. The Middle Atlantic and West North Central regions had about 20 percent fewer mortgaged farms in 1945 than in 1940 and the East North Central States had about 25 percent fewer. States with reductions smaller than 15 percent were Massachusetts, South Dakota, Maryland, Minnesota, and New Hampshire.

### Changes in Total Number of Farms

As previously indicated, changes were also taking place in the total number of farms, a fact to be considered in evaluating changes in the number of mortgaged farms. In most regions the number of all farms, both mortgaged and free of debt, was smaller in 1945 than in 1940 because of the trend toward larger farm units. In those States where this was the case, the decrease undoubtedly accounted in part for the smaller number of mortgaged farms in 1945 compared with 1940. In the New England, South Atlantic, and Pacific regions, however, the total number of farms in general was up. This was also true for certain States in other regions. In all, 15 States reported more farms in 1945 than in 1940.

Several specific factors brought about increases in the number of farms for individual States between 1940 and 1945, a period when the general tendency was toward fewer and larger farms. Chief of these was probably the inclusion in the 1945 census enumeration of certain borderline cases which were not included in 1940. Many of these were too small to qualify as a farm on an acreage basis.<sup>3/</sup> With higher prices for their products, however, they were able to qualify for census enumeration in 1945 on an income basis, although they were unable to do so in 1940. This factor was particularly important in and near the metropolitan areas of the Northeastern States and in California. There were also those units which were large enough to be called farms but which were

<sup>3/</sup> The Bureau of the Census does not report as a farm any tract of landless than 3 acres, unless its agricultural products in the preceding year were valued at \$250 or more.

Table 2.- Number and percentage of farms under mortgage, by States, 1940 and 1945

State and division	All farms		Mortgaged farms				
	1940	1945	1940	1945	Percentage change 1940-45	Percentage of all farms	
						1940	1945
	Number	Number	Number	Number	Percent	Percent	Percent
Maine . . . . .	38,980	42,184	13,862	10,670	-23.0	35.6	25.3
New Hampshire . . . . .	16,554	18,786	7,048	6,058	-14.0	42.6	32.2
Vermont . . . . .	23,582	26,490	12,587	9,597	-23.8	53.4	36.2
Massachusetts . . . . .	31,897	37,007	17,152	17,128	-0.1	53.8	46.3
Rhode Island . . . . .	3,014	3,603	1,237	1,300	5.1	41.0	36.1
Connecticut . . . . .	21,163	22,241	11,032	8,521	-22.8	52.1	38.3
New England . . . . .	135,190	150,311	62,918	53,274	-15.3	46.5	35.4
New York . . . . .	153,238	149,490	70,580	55,828	-20.9	46.1	37.3
New Jersey . . . . .	25,835	26,226	12,834	10,785	-16.0	49.7	41.1
Pennsylvania . . . . .	169,027	171,761	56,213	46,114	-18.0	33.3	26.8
Middle Atlantic . . . . .	348,100	347,477	139,627	112,727	-19.3	40.1	32.4
Ohio . . . . .	233,783	220,575	86,586	60,941	-29.6	37.0	27.6
Indiana . . . . .	184,549	175,970	86,600	65,790	-24.0	46.9	37.4
Illinois . . . . .	213,439	204,239	74,390	50,458	-32.2	34.9	24.7
Michigan . . . . .	187,589	175,268	85,321	65,391	-23.4	45.5	37.3
Wisconsin . . . . .	186,735	177,745	97,835	81,127	-17.1	52.4	45.6
East North Central . . . . .	1,006,095	953,797	430,732	323,707	-24.8	42.8	33.9
Minnesota . . . . .	197,351	188,952	95,594	83,255	-12.9	48.4	44.1
Iowa . . . . .	213,318	208,934	102,793	86,867	-15.5	48.2	41.6
Missouri . . . . .	256,100	242,934	108,703	81,466	-25.1	42.4	33.5
North Dakota . . . . .	73,962	69,520	33,635	27,648	-17.8	45.5	39.8
South Dakota . . . . .	72,454	68,705	29,700	27,129	-8.7	41.0	39.5
Nebraska . . . . .	121,062	111,756	54,246	41,113	-24.2	44.8	36.8
Kansas . . . . .	156,327	141,192	69,747	46,602	-33.2	44.6	33.0
West North Central . . . . .	1,090,574	1,031,993	494,418	394,080	-20.3	45.3	38.2
Delaware . . . . .	8,994	9,296	3,272	2,706	-17.3	36.4	29.1
Maryland 1/ . . . . .	42,175	41,315	15,781	13,884	-12.0	37.4	33.6
Virginia . . . . .	174,885	173,051	43,415	30,072	-30.7	24.8	17.4
West Virginia . . . . .	99,282	97,600	19,192	12,411	-35.3	19.3	12.7
North Carolina . . . . .	278,276	287,412	80,910	48,341	-40.3	29.1	16.8
South Carolina . . . . .	137,558	147,745	40,792	32,892	-19.4	29.7	22.3
Georgia . . . . .	216,033	225,897	74,033	57,361	-22.5	34.3	25.4
Florida . . . . .	62,248	61,152	20,400	11,870	-41.8	32.8	19.4
South Atlantic . . . . .	1,019,451	1,043,475	297,795	209,537	-29.6	29.2	20.1
Kentucky . . . . .	252,894	238,501	67,387	44,713	-33.6	26.6	18.7
Tennessee . . . . .	247,617	234,431	74,618	42,942	-42.5	30.1	18.3
Alabama . . . . .	231,746	223,369	97,204	60,419	-37.8	41.9	27.0
Mississippi . . . . .	291,092	263,528	135,143	74,484	-44.9	46.4	28.3
East South Central . . . . .	1,023,349	959,829	374,352	222,558	-40.5	36.6	23.2
Arkansas . . . . .	216,674	198,769	72,916	47,509	-34.8	33.7	23.9
Louisiana . . . . .	150,007	129,295	51,843	28,872	-44.3	34.6	22.3
Oklahoma . . . . .	179,687	164,790	69,523	50,387	-27.5	38.7	30.6
Texas . . . . .	418,002	384,977	136,890	101,446	-25.9	32.7	26.4
West South Central . . . . .	964,370	877,831	331,172	228,214	-31.1	34.3	26.0
Montana . . . . .	41,823	37,747	18,143	10,544	-41.9	43.4	27.9
Idaho . . . . .	43,663	41,498	23,647	17,124	-27.6	54.2	41.3
Wyoming . . . . .	15,018	13,076	7,973	5,845	-26.7	53.1	44.7
Colorado . . . . .	51,436	47,618	22,818	16,357	-28.3	44.4	34.4
New Mexico . . . . .	34,105	29,695	8,934	5,291	-40.8	26.2	17.8
Arizona . . . . .	18,468	13,142	4,551	3,731	-18.0	24.6	28.4
Utah . . . . .	25,411	26,322	12,675	8,634	-31.9	49.9	32.8
Nevada . . . . .	3,573	3,429	1,350	934	-30.8	37.8	27.2
Mountain . . . . .	233,497	212,527	100,091	68,460	-31.6	42.9	32.2
Washington . . . . .	81,686	79,887	37,650	22,934	-39.1	46.1	28.7
Oregon . . . . .	61,829	59,125	29,716	20,809	-30.0	48.1	33.0
California . . . . .	132,658	138,917	65,306	55,365	-15.2	49.2	39.9
Pacific . . . . .	276,173	281,929	132,672	99,108	-25.3	48.0	35.2
United States . . . . .	6,096,799	5,859,169	2,363,777	1,711,665	-27.6	38.8	29.2



not so designated in 1940 because no farming operations had taken place on them during the preceding year. In 1944, when livestock production was up from pre-war levels, much of this land was used for grazing or for hay.

Although these borderline cases were a factor in a number of States, certain other reasons also were important in some of the Southern States. Increases in owner-operated farms indicate that tenants and nonfarmers were buying small tracts which had been parts of larger farms. Also the increase in the number of croppers in 1945 over 1940 in some States would indicate that, with higher prices, landlords had brought additional land under cultivation or had resorted more to this type of operation. The Census enumerates each of these cropper units as an individual farm.

Considering the changes in total number of farms, one finds that the drop in the proportion of farms under mortgage did not vary so greatly from region to region as did the decline in number of mortgaged farms. In the East South Central region the proportion was down from 36.6 percent in 1940 to 23.2 percent in 1945. In this region the drop was greatest in Tennessee and Mississippi. The reduction was even greater in North Carolina and Florida of the South Atlantic region. The proportion of farms encumbered with debt in this latter region as a whole declined from 29.2 percent to 20.1 percent during the same period. Other States in which the drop in the proportion of farms under mortgage was relatively sharp were Washington, Montana, Alabama, Louisiana, Utah, and West Virginia.

The West North Central region showed less of a decline in the proportion of farms under mortgage, with 38.2 percent mortgaged in 1945 compared with 45.3 percent in 1940. In South Dakota and Minnesota the decline was particularly small. It was less than anywhere else in the entire country, except for Arizona where the proportion was actually up as the result of a special situation.<sup>4/</sup> Other States reporting relatively small declines were Maryland, Rhode Island, North Dakota, Wisconsin, Iowa, and Massachusetts.

#### Mortgaged Farms and Mortgage Debt Show Different Trends

As indicated earlier, the number of farms under mortgage has seldom changed to the same extent that the debt against them has changed. Apparently then the factors that cause a change in debt do not necessarily affect in the same way the number of mortgaged farms. Probably this is best illustrated by a comparison of the changes that took place during two periods for which the causes are known to be distinctly different. The years from 1930 to 1935 and from 1940 to 1945 were both periods of substantial debt liquidation. During the earlier period, farm-mortgage debt declined about 20 percent, whereas the number of mortgaged farms was down only about 7 percent. But between 1940 and 1945 both debt and mortgaged farms dropped approximately one-fourth.

<sup>4/</sup> In Arizona many free-of-debt Indian farms classified as full-owner farms in 1940 were covered by a single schedule in 1945 and classified as single manager-operated farms. This accounts for the increase in the proportion of farms under mortgage in this State.

The years 1930-35 were depression years and much of the debt liquidation that took place during that period was the result of foreclosures. The farms affected were generally those with a high ratio of debt to value. The 1940-45 period, on the other hand, was one of high farm incomes and correspondingly high debt repayments. The farms becoming free of debt during this period were more likely to be those with a low ratio of debt to value. Under such circumstances more farms became debt free with a given amount of debt reduction than was the case during the early nineteen thirties.

Of equal interest are the differences to be found between the several regions in the trends of farm-mortgage debt and number of farms under mortgage. Between 1940 and 1945 both debt and the number of mortgaged farms for the country as a whole declined about one-fourth. Reductions in debt, however, were somewhat greater in the North Central regions than elsewhere, whereas reductions in number of mortgaged farms were greatest in the South and West. These regional differences are brought into sharper focus when changes in the average debt per mortgaged farm are compared. For the country as a whole, the average debt per mortgaged farm increased from \$2,786 in 1940 to \$2,882 in 1945, reflecting the somewhat greater percentage decline in number of mortgaged farms than in the amount of farm-mortgage debt. Region by region, however, the changes in the average debt during the 5-year period varied considerably, ranging from moderate declines in some regions to substantial increases in others.

Generally speaking, the averages for the North were down, while those for the South and West were up. Of particular interest are those areas with higher average debt, because here the debt per farm was going up at a time when total debt was declining. In the East South Central region, for example, the average debt per mortgaged farm increased from \$1,026 in 1940 to \$1,336 in 1945, and in the South Atlantic States from \$1,360 to \$1,602. Substantially higher averages also were reported for the West South Central and Mountain regions.

Several factors account for the marked increase in average debt per mortgaged farm in the South and West. In the South, between 1940 and 1945, the number of mortgaged farms declined considerably more than did the debt, indicating the extinguishment of a large number of small mortgage loans. In the past it has been a common practice in the South for owners who operate small units to obtain production loans on the security of farm real estate, a practice which has kept the average size of farm-mortgage loans low. With high wartime incomes, many of these farmers no longer found it necessary to borrow for production purposes; others no longer were required to mortgage their farms as security for production loans. Some increase in the average size of farm units and a noticeable increase in the average size of new mortgages, the latter largely the result of higher land values and increased costs for equipment and improvements, also influenced the average debt per farm in the South, but they were not the dominant factors.

The Mountain States also showed a substantial increase in the average debt per mortgaged farm between 1940 and 1945, but here the higher averages appear to be associated largely with an increase in the average size of farm units. The average acreage per farm in this region increased 37 percent during

the 5-year period compared with an increase of only 12 percent for the country as a whole. The average size of mortgaged farms in this region did not increase quite so much as did the average size of all farms, but even so it was three times as great as for the country as a whole.

Data are not available as to the number of farms under mortgage in the years since 1945. Judging from the experience of the 1940-45 period, it appears likely that the number declined further during 1945 and changed little during 1946. But having observed that changes in the number of mortgaged farms do not always follow changes in the amount of mortgage debt, one cannot readily say what the trend since 1945 has been. Factors which are important influences in one period may be considerably less important in another period.

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Census-BAE Cooperative Report.- The cooperative report Farm-Mortgage Debt in the United States: 1945, was recently released by the Bureau of the Census and the Bureau of Agricultural Economics. This publication gives State data on the number and percentage of farms under mortgage and the amount of farm-mortgage debt for the years 1930, 1935, 1940, and 1945. State data on the acreage in and the value of mortgaged farms for the years 1940 and 1945 are included. Similar data are shown for full owners, part owners, and tenants and managers, although complete data for each of the four census years are available only for full owners. In addition to this basic information, the report includes data on ratio of debt to value, debt per farm, equity per farm, and debt per acre for mortgaged farms.

The figures on amount of farm-mortgage debt for 1945 were used as a bench mark in revising the estimates of annual debt back to 1940. These revised estimates appear in table of the appendix of this Review.

State Tax Collections in 1947.- In a report issued by the Bureau of the Census in August 1947 it is revealed that "State tax revenue in the 1947 fiscal year amounted to \$6.8 billion, a rise of 12.5 percent over the \$6.0 billion collected in 1946. Excluding collections from the unemployment compensation tax, . . . State taxes produced a record yield of \$5.8 billion, or 16.4 percent more than in 1946. . . . The unemployment tax declined for the third successive year . . . All other major tax sources produced increased yields in 1947 . . .

"The upward trend in State tax collections is explained in large measure by economic factors. Higher prices, higher wages, and increasing economic activity obviously tend to raise tax yields . . . Trends in tax revenues reflect many influences other than changes in economic levels, however, including changes in tax bases, rates, exemptions, and timing of collections . . .

"An unusual number of significant tax laws were enacted in the 1947 legislative sessions. Several States enacted new taxes, particularly general sales taxes and cigarette taxes, and rates of many other taxes were increased. In only a few instances, however, did these laws take effect early enough to involve added tax revenue during fiscal 1947 . . . ."

## FARM REAL ESTATE DEBT TURNS UP

The farm real estate debt for the country as a whole during 1946 showed the first increase that has been reported since 1927. Revised estimates indicate an increase of 95 million dollars to a total of 4,777 million dollars on January 1, 1947, compared with 4,682 million dollars at the beginning of 1946 (table 1). Except for 1946, however, the 1947 debt still is less than that for any other year since 1914. The increase of 2.0 percent during 1946 is in contrast to declines of 5.1 percent for 1945 and 8.5 percent for 1944.

Farm-mortgage debt increased during 1946 in all regions except the East and West North Central States. (See appendix table 2.) The largest increase occurred in the South Atlantic region where debt was up nearly 14 percent. Increases in other regions ranged from less than 1 percent in the New England States to a little over 9 percent in the Mountain region. Among the individual States, Florida, Arizona, Delaware, New Mexico, and Nevada reported increases of more than 15 percent. In all, 37 States experienced debt increases in 1946, as compared with 14 States in 1945 and 3 in 1944.

The West North Central States reported a decline in mortgage debt during 1946 of 5.4 percent, compared with approximately 10 percent during each of the three preceding years. The East North Central region showed a decline of 0.5 percent. The largest percentage decrease for any State in 1946 was 8.5 percent for both Nebraska and Iowa. Substantial declines also took place in Massachusetts, Illinois, North Dakota, Minnesota, South Dakota, and Connecticut.

The estimates of farm-mortgage debt for the years 1941-46 were recently revised on the basis of the 1945 Census of Agriculture and the returns from a questionnaire sent to a sample of farm owners. The revised figures indicate somewhat larger debt repayments during World War II than were reported in earlier estimates. The debt on January 1, 1946 proved to be down 29 percent from the total at the beginning of 1940 instead of about 23 percent as reported previously.

The repayment of farm real estate debt during 1946 continued in substantial volume. But some farmers apparently found it necessary to borrow, as their expenditures for new equipment, improvements, and family living became greater than during the war. Moreover, many farmers bought bigger or better farms or expanded their present ones, as is indicated by the fact that farm transfers during 1946 were the highest on record. Consequently, a greater dollar amount of mortgages was recorded during 1946 than during any year since 1934.

Although mortgage debt became larger during 1946, the ratio of debt to the value of all farms dropped further to about 8 percent as the result of an increase of 12 percent in farm real estate values. The ratio stood at 9 percent at the beginning of 1946, at approximately 11 percent in 1945, and at nearly 20 percent in 1940. Changes in these ratios have been due more to changes in farm real estate values than to fluctuations in debt. Also the ratios themselves tend to obscure the fact that many individual farmers have heavy debt obligations.



The rise in farm-mortgage debt during 1946 reflects increased holdings for each of the major lender groups, except the Federal land banks and Federal Farm Mortgage Corporation (table 1). The loans held by the latter agencies continued the downward trend that has been evident since 1937. Those of the Federal land banks dropped below the billion-dollar level for the first time since 1925, amounting to 977 million dollars on January 1, 1947. This was only about half the amount carried on their books at the beginning of 1940. It represents a decline of approximately 10 percent during 1946, or about the same percentage decline as in 1945.

The Federal Farm Mortgage Corporation reported the largest percentage decline in farm-mortgage holdings during 1946 of any of the major lender groups. Its loans dropped below 150 million dollars on January 1, 1947 compared with loans outstanding of about 240 million dollars a year earlier and 713 million dollars in 1940. The rapid rate at which the loans held by the Federal Farm Mortgage Corporation have declined in recent years can be attributed largely to changes in the regulations which permit the Federal land banks to take over "eligible" loans from the Corporation and to make loans for a higher proportion of the appraised value of farm real estate.

The Farmers Home Administration (successor to Farm Security Administration) further increased its outstanding loans during 1946 to a new peak of 190 million dollars at the beginning of 1947. The outstanding loans of this agency increased rapidly during 1940, 1941, and 1942, but the amount and rate of increase since has been small because of certain legal limitations on the size of loans, a reluctance to lend extensively at prevailing high land values, and increased loan repayments.

Life insurance companies increased their farm-mortgage investments during 1946 for the first time since 1941, their loans rising from a little more than 884 million dollars on January 1, 1946 to about 890 million dollars at the beginning of 1947. Although small, this increase was in contrast to a decline of approximately 5 percent in 1945. Their increased mortgage portfolio, however, was still about 10 percent below the 1940 total and, except for 1946, below that for any year since the beginning of World War I.

Banks, as indicated by reports for insured commercial banks, showed the greatest percentage increase in mortgage holdings during 1946 of any of the major lender groups. Farm-mortgage loans of insured banks increased 35 percent during the 12-month period, rising from about 507 million dollars at the beginning of 1946 to about 683 million dollars at the beginning of 1947. This compares with a rise of 13 percent during 1945 and almost no change during 1944. The sharp upturn in bank loans has brought them well above the 1940 level and to the highest point since the Federal Deposit Insurance Corporation was established in 1934.

Loans held by individuals and miscellaneous lenders also increased substantially during 1946. The percentage increase of about 6 percent is in contrast to a small decrease during 1945. The amount of loans held by this group at the beginning of 1947, however, was still 18 percent below the amount at the beginning of 1940.



Table 1.- Farm-mortgage debt: Total outstanding and amounts held by major lender groups, United States, Jan. 1, 1940-47, with percentage change 1940-47 and 1946-47

Year	Total debt 1/ 1,000 dollars	Federal land banks 2/ 1,000 dollars	Federal Farm Mortgage Corpora- tion 2/ 3/ 1,000 dollars	Farmers Home Adminis- tration 4/ 1,000 dollars	Life insurance companies 2/ 1,000 dollars	Insured commercial banks 1,000 dollars	Individuals and others 1/ 1,000 dollars
1940	6,586,399	2,009,820	713,290	38,566	984,290	534,170	2,306,263
1941	6,491,435	1,957,184	685,149	73,093	1,016,479	543,408	2,216,122
1942	6,372,277	1,880,784	634,885	122,104	1,063,166	535,212	2,136,126
1943	5,950,975	1,718,240	543,895	163,681	1,042,939	476,676	2,005,544
1944	5,389,080	1,452,886	429,751	176,607	986,661	448,433	1,894,742
1945	4,932,942	5/ 1,209,676	5/ 347,307	178,969	933,723	449,582	1,813,685
1946	4,681,720	5/ 1,078,952	5/ 239,365	184,035	884,312	507,298	1,787,758
1947	4,777,355	976,748	146,621	190,128	890,161	683,229	1,890,468
PERCENTAGE CHANGE							
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1940-47	-27.5	-51.4	-79.4	393.0	-9.6	27.9	-18.0
1946-47	2.0	-9.5	-38.7	3.3	.7	34.7	5.7

1/ Data for years 1941-47 are revisions of those published previously.

2/ Include regular mortgages, purchase-money mortgages, and sales contracts.

3/ Loans held by Federal Farm Mortgage Corporation are made on its behalf by Land Bank Commissioner.

4/ Successor to Farm Security Administration. Data for 1940 include only tenant-purchase loans and construction loans to individuals. Thereafter data include farm-development (special real estate) loans beginning 1941, farm-enlargement loans beginning 1944, flood and windstorm real estate restoration loans from 1944 to 1946, and project-liquidation loans beginning 1946. Data also include similar loans from State Rural Rehabilitation Corporation trust funds.

5/ Revised.

A further increase in farm-mortgage debt during 1947 is indicated by data available for the first half of the year, although the rate of increase may not be quite so large. In general, changes in the mortgage holdings of the various lender groups during the first half of 1947 continued in the same direction as during 1946, although usually not at the same rate. Loans held by the Federal land banks fell off further but at a faster rate than during the corresponding 6-month period in 1946. In the case of the Federal Farm Mortgage Corporation, the rate of reduction was only about half that of the 1946 period. Loans held by the Farmers Home Administration, on the other hand, increased substantially as compared with the increase during the first half of 1946. The increase, however, was small as compared with its holdings at the beginning of 1947.

Data available for life insurance companies indicate that their investment in farm mortgages probably declined somewhat, as it did during the first half of 1946, even though their recordings were up. Insured commercial banks continued to expand their mortgage holdings during the January-June period of 1947, although at a much slower rate than during the same period in 1946. The rate of increase, nevertheless, was the greatest for any of the major lender groups. It is expected that the loans held by individuals and miscellaneous lenders will also show increases during 1947, even though the amount of farm mortgages recorded by this group in the first half of the year is down slightly from the amount recorded during the same period in 1946. Because of seasonal factors, the trends of the mortgage holdings during the first half of the year may not indicate the trends for the year as a whole.

#### FARM MORTGAGE RECORDINGS RISE AT ACCELERATED RATE

The total volume of farm mortgages recorded during 1946 is estimated by the Farm Credit Administration to have totaled nearly 1.5 billion dollars.<sup>1/</sup> This is 41 percent larger than the amount recorded in 1945 and just about double the average amount for the years 1937-40. In 1945 the volume of mortgages recorded was only about 8.6 percent larger than in 1944 and in 1944 the increase was only about 6 percent greater than a year earlier. (See appendix table 9.) The most recent report indicates that the volume recorded in the first half of 1947 was slightly below that for the corresponding period of 1946. This may portend a leveling off of the sharply rising upward trend of recordings in evidence since 1942.

The larger volume of farm mortgages recorded in 1946 over previous years reflects both an increased number and a larger average size. In 1946 the number of recordings totaled 374,157. This is an increase of 26 percent over a year earlier and 14 percent over the 1937-40 average. The average size of mortgages recorded was \$3,970 in 1946 as compared with \$3,560 in 1945 and only \$2,270 for the period 1937-40 (table 1). In the first half of 1947 the number of mortgages recorded was about 5 percent less than for the comparable period a year earlier but the average size was 7 percent larger.

<sup>1/</sup> Farm mortgages recorded include mortgages renewed.



### Lender Distribution

In 1946 the mortgages recorded by two lender groups - individuals and commercial banks - account for nearly 79 percent of the total number and about 71 percent of the total amount. Commercial banks alone accounted for nearly 41 percent of the total number and about 35 percent of the amount. In 1945 they recorded about 35 percent of the total number but 30 percent of the total amount. The number of mortgages recorded by commercial banks in 1946 was nearly half again greater than for the year before and the amount was over 66 percent higher. The average size of loan recorded by commercial banks increased from \$3,050 in 1945 to \$3,440 in 1946. Commercial banks thus account for 63 percent of the increase in total number of recordings between 1945 and 1946 and 48 percent of the total amount of increase. In the first half of 1947 the number of mortgages recorded by commercial banks fell 6 percent below a comparable period a year earlier and amounts fell about 1 percent.

In the year 1946 the number of mortgages recorded by individuals increased only about 9 percent over 1945. The amount recorded, however, was up over 26.5 percent. This reflects an increase in the average size of loan from \$3,180 in 1945 to \$3,680 in 1946. In the first half of 1947 the number of mortgages recorded by individuals dropped 10 percent while the amount dropped 6 percent.

Insurance companies are the third largest lender group with respect to the volume of mortgages recorded. During 1946 this group recorded just slightly under 200 million dollars worth of mortgages - an increase of 38 percent over 1945. The number of mortgages recorded, however, increased only 27 percent. Contrary to the trend of recordings for both commercial banks and individuals the number and amount of recordings by insurance companies continued to increase in the first half of 1947. They showed an increase of 17 percent in amount and 12 percent in number. The average size of mortgages recorded by insurance companies is double that of either commercial banks or individuals yet the average size was 5 percent larger in the first half of 1947 than for a similar period of 1946.

The remaining group of private lenders classified as "miscellaneous" showed a trend in 1946 somewhat similar to commercial banks. The number and amount of recordings were 39 percent and 58.7 percent, respectively, over a year earlier. But they reacted oppositely to commercial banks in the first half of 1947, when both the number and amount were higher than for a similar period a year ago. The amount of mortgages recorded in the first 6 months of 1947 was 17 percent greater than the amount recorded in the first 6 months of 1946.

Despite the continued decline in the amount of farm-mortgage loans held by the Federal land banks and the Federal Farm Mortgage Corporation, both the number and amount of mortgages recorded by them have been on the increase. Between 1945 and 1946 both the number of mortgages recorded and the amount increased by about 18 percent. These percentages indicate practically no change in the average size of new loans made. In the first half of 1947 the amount of mortgages recorded by these federally sponsored agencies was 6 percent larger than for a comparable period a year earlier. The number was up only about 2

percent. Since July 1, 1947, the Federal Farm Mortgage Corporation has not had authority to make new loans. Some of the loans previously made by the Corporation, however, can now be made by the Federal land banks under the authorization of Public Law 98 passed in June of 1945 which enables the banks, among other things, to make loans up to 65 percent of the normal value of the farm.

Although present indications point toward a slackening in the rate of increase in mortgage recordings, it seems reasonable to believe that volume will continue to be maintained at a relatively high level. The backlog of needed farm improvements, the need to replace worn-out and outmoded machinery and motor vehicles, and the necessity to build up and conserve soil resources, emphasizes the future capital needs in agriculture. Much of the funds needed will be borrowed. However, the farm-mortgage debt, despite current indications which point to a rise, is at its lowest level since before World War I. This, together with a generally longer term of mortgages, indicates less recordings strictly for refinancing purposes.

#### FARM-MORTGAGE INSURANCE THROUGH FARMERS HOME ADMINISTRATION

The Farmers Home Administration of the Department of Agriculture is now providing insurance for farm-mortgage loans made by private lenders to eligible farmers or prospective farmers for acquiring, developing, or enlarging their farms. Those who are interested in borrowing or lending money for such purposes may learn from the county representative of the Farmers Home Administration the procedure to be followed. In general, the factors which will be of interest to lenders or borrowers who wish to take part in the insured mortgage program is contained in the following.<sup>1/</sup>

Private lenders may now make the farm-purchase, enlargement, and development loans in the Farm Ownership program of the Farmers Home Administration. Mortgages will be insured by the Federal Government under the terms of Public Law 731-Seventy-ninth Congress....

The Farm Ownership program is designed to enable farm tenants, share croppers, and farm laborers to buy and operate family-type farms of their own, and to enable owners of undersized and underdeveloped farms to create adequate family farm units. Loans are made only to applicants who are unable to get the necessary credit at the rates (but not more than 5-percent interest) and terms prevailing in their locality. Veterans have preference for all loans.

The purpose of mortgage insurance is to extend benefits to larger numbers and encourage private enterprise to make the loans, thereby reducing the amount of public funds required to achieve the objectives of the Bankhead-Jones Farm Tenant Act of 1937. Originally, under that act, only direct Government loan funds could be used.

<sup>1/</sup> Largely quoted from a pamphlet issued by the Farmers Home Administration under the title, "Information to Lenders on Farm Mortgage Insurance."



Banks, insurance companies, and other financial institutions, or individuals may participate in the insured farm-mortgage program. Moreover, the legislation authorizing the program amends the Federal Reserve Act to make the insured farm mortgages eligible as investments for national banks.

A description of the way the program is set up and the way it operates follows:

#### Authority

The authority for the insured farm-mortgage program is contained in the Farmers Home Administration Act of 1946 (Public Law 731) which amends the Bankhead-Jones Farm Tenant Act. A revolving insurance fund has been established from which claims in fulfilling the insurance provisions of the act are met. Not more than \$100,000,000 of mortgage-principal obligations can be insured in any one fiscal year.

#### Security

Insured farm mortgages are sound investments as they are fully guaranteed by the Government.

Each insured mortgage loan is based upon a normal earning capacity appraisal of the farm by a Federal appraiser, and it must be approved by the Farmers Home Administration County Committee (made up of three local persons, at least two of them farmers). The Committee also considers the qualifications of applicants and certifies as to their eligibility. Insured loans can be made for not more than 90 percent of the applicant's total investment in the farm.

To protect the Government's interests, the Farmers Home Administration helps each borrower to develop sound methods of operation. Insofar as possible, supervision is provided to assure likelihood of success and repayment of the loan.

#### Stability of Return

The interest return to the lender is 2-1/2 percent on the unpaid principal. The borrower pays annually an additional 1-percent mortgage-insurance charge to the Farmers Home Administration, half of which goes for administration and half for the insurance premium.

The cost to lenders in handling insured mortgages is nominal, as the Farmers Home Administration carries on the functions of processing, collecting, and servicing loans (see section on Management).

Principal and interest payments become due annually, but advanced payments may be made at the convenience of the borrower. Borrowers may repay their loans on a variable payments plan, under which they may make payments ahead of schedule in good years to keep their loans in good standing in lean years when they are less able to pay.

Payments to lenders will be prompt. If a borrower is in default for more than 30 days, the Farmers Home Administration will immediately pay the lender all principal and interest due and unpaid. If a borrower is in default for more than 12 months, the Farmers Home Administration will then take over the insured mortgage and pay the lender in cash to the full extent of the unpaid principal obligation and the unpaid interest, plus any authorized payments which have been made by the lender for taxes, etc.

#### Term

Loans are repayable in 40 years, but refinancing is required by the Farmers Home Administration Act when the borrower is able to obtain a noninsured loan on satisfactory terms at not more than 5 percent interest.

#### Marketability and Collateral

The mortgages are transferable and assignable, upon notice to the Farmers Home Administration.

Lenders can borrow against the mortgages, since they are accepted as collateral for loans by Federal Reserve banks.

#### Management

The law provides that the Farmers Home Administration shall collect the annual loan charges from the borrower and transmit the portion representing principal and interest to the lender.

All other loan servicing is carried on by the Farmers Home Administration. This includes approval of applicants, appraisal of farms, and necessary supervision of borrowers. Any work or expense involved in handling delinquencies or foreclosures, if they should occur, is also the responsibility of the Farmers Home Administration.

#### Lending Procedure

The following steps are taken in making a Farm Ownership Loan:

**Application.**- Persons who wish to make application for loans should be referred to the Farmers Home Administration office serving the county in which they intend to locate. These offices are usually at a county seat, and may serve more than one county.

**Appraisal.**- A qualified Federal appraiser will appraise the farm to be purchased, enlarged, or improved to determine the normal earning capacity value and other factors pertinent to making a sound loan.

**Certification.**- The County Committee then certifies as to the fair and reasonable value of the farm based on its normal earning capacity, and certifies

as to the applicant's reasonable likelihood of success based upon his managerial ability, industry, character, and experience.

**Insuring the Mortgage.-** Mortgage insurance will be effective as of the date the loan is closed....

The insured farm-mortgage program gives the lender an opportunity to work with farm families who cannot qualify for regular real estate credit at present, but who are likely to become good customers of local lenders for all their credit needs in the future. As borrowers make their own choice of lender for an insured mortgage loan, it is reasonable to assume that many of the families will want to continue their relationship with the original lender when they become eligible for regular credit.

The Farmers Home Administration will help any interested insured mortgage lender to keep in touch with the needs, plans, and progress of his borrowers in this program. Many borrowers will need chattel and operating loans while they have insured mortgage loans. When they can arrange with the maker of the insured mortgage loan or other lender for such chattel and operating credit under terms prevailing in the community and consistent with approved plans for the successful operation of the farm, they will be encouraged to make such arrangements.

#### FARM REAL ESTATE HOLDINGS OF LENDING AGENCIES

Farm real estate owned by the major institutional lenders continued to move into the hands of individual owners during 1946 (appendix table 12). So much so in fact that such institutionally held real estate is no longer a factor of much significance in holding down the trend of real estate values or in increasing the amount of mortgages outstanding for the various lenders. On January 1, 1947, it is estimated that the total real estate holdings of the Federal land banks, Federal Farm Mortgage Corporation, joint-stock land banks, life insurance companies, and three State credit agencies did not exceed 36.5 million dollars or 40 percent of the nearly 91 million dollars held at the beginning of 1946. Current figures are not available as to the value of farm real estate held by insured commercial banks. On July 1, 1942, the last date on which such data were available, they held \$19,532,000 in such assets. If their real estate holdings were reduced at the same rate as those for other lenders their holdings would now be valued at only about 1.5 million dollars.

Life insurance companies in recent years have been the only lender group with farm real estate holdings of any significant size. On January 1, 1947, the book value of their holdings was estimated at 33.6 million dollars or about 92 percent of the holdings of all institutional lenders other than commercial banks. Their investment of 33.6 million on January 1, 1947, may be compared with 82 million a year before and a maximum of over 634 million in 1937.

The federally sponsored agencies on January 1, 1947, reported an investment in farm real estate in the continental United States totaling approximately 1.7 million dollars, or less than one-third of the total at the beginning of 1946. The Federal land banks had an investment of only about 0.5 million dollars as compared with 1.9 million on January 1, 1946, and a high of 129 million on January 1, 1937. Real estate held by the Federal Farm Mortgage Corporation was valued at about three-fourths of a million dollars on January 1, 1947, as compared with 2.1 million a year earlier and 4.4 million at the peak on January 1, 1940. Many of these farms are mortgaged to the Federal land banks and others so the Corporation's investment in such real estate, excluding prior liens, was only a little over a half million dollars on January 1, 1947. Joint-stockland banks in liquidation and receivership still hold nearly a half million dollars worth of farm real estate.

Data are not currently available as to the amount of real estate held by the three State credit agencies of North Dakota, South Dakota, and Minnesota which was previously reported at 3.6 million dollars on January 1, 1946. All three of these agencies, however, have been actively engaged in liquidating their assets and it is believed that their current investments in real estate would be little, if any.

#### FARM LOANS GUARANTEED BY VETERANS ADMINISTRATION

The Servicemen's Readjustment Act of 1944 as amended<sup>1/</sup> authorizes the the Veterans Administration to guarantee real estate loans to qualifying veterans in an amount not exceeding \$4,000, or 50 percent of the loan, whichever is less. Non-real-estate loans can also be guaranteed, but in an amount not exceeding \$2,000, or 50 percent of the loan, whichever is less. As of June 25, 1947, 16,306 farm real estate loans amounting to approximately 79 million dollars had been guaranteed in whole or in part under the readjustment act. For the same period 14,680 non-real-estate loans amounting to approximately 30 million dollars had been guaranteed for farmer-veterans. The average amount of guarantee or insurance for all loans was \$1,760 or nearly 46 percent of the average loan closed.

The number of veterans taking advantage of the farm-loan guarantee provisions was relatively small compared with the number using loans to finance homes and businesses (table 1). Of the 872,788 loans closed as of July 25, 1947, less than 4 percent were farm loans, 8 percent were business loans, and 88 percent were to finance homes. The average size of all farm loans was \$3,785 as compared with \$4,122 for business and about \$6,000 for homes.

The face amount of the loans to farmer borrowers that were paid in full by July 25, 1947, amounted to nearly 3.4 million dollars, or about 3 percent of the loans closed. In comparison, about 6.6 percent of the loans obtained for businesses and 1.4 percent of the loans obtained for homes were paid in full at that time.

<sup>1/</sup> Public Law 346, 78th Congress, as amended by Public Law 268, 79th Congress.

Defaults infarm loans have occurred in only 558 cases, or only 1.7 per cent of the total number of loans closed. Defaults were 6.4 percent of the business loans but only 0.9 of 1 percent in the case of home loans.

The net amount of claims against the Veterans Administration resulting from defaults was 0.6 of 1 percent on business loans, 0.001 of 1 percent on home loans, and only 0.0006 of 1 percent on farm loans.

Table 1.- Farm, business, and home loans to veterans guaranteed by Veterans Administration, cumulative to July 25, 1947

Item	Farm	Business	Home
Applications received:			
Number . . . . .	36,827	81,646	892,748
Loans approved for closing:			
Number . . . . .	33,359	73,427	831,163
Amount . . . . .	\$126,839,666	\$232,476,498	\$4,776,849,646
Average size . . . . .	\$3,802	\$3,166	\$5,747
Loans closed:			
Number . . . . .	32,217	70,950	769,621
Amount . . . . .	\$121,931,541	\$222,265,662	\$4,407,173,115
Average size . . . . .	\$3,785	\$3,133	\$5,726
Loan guarantee and insurance:			
Amount . . . . .	\$56,706,176	\$84,903,378	\$2,075,739,752
Average size . . . . .	\$1,760	\$1,197	\$2,697
Defaults:			
Number . . . . .	14	58	122
Amount . . . . .	\$96,426	\$1,484,569	\$679,891
Average size . . . . .	\$1,083	\$1,061	\$2,186
Net claims against Veterans Administration:			
Amount . . . . .	\$71,078	\$1,357,202	\$527,312
Average size . . . . .	\$798	\$970	\$1,695

LOANS MADE BY FEDERALLY SPONSORED AGENCIES TO FARMER-VETERANS

Agricultural loans to veterans by the federally sponsored credit agencies are usually made on a regular basis, without guarantee, even though most of them could qualify for guarantee under the terms of the Servicemen's Readjustment Act of 1944.

Farm-mortgage loans are made to veterans by several Federal agencies including the Federal land banks, the Land Bank Commissioner, and the Farm



Security Administration. As of June 30, 1947, the Federal land banks, acting for themselves and as agents for the Land Bank Commissioner, had made 6,152 loans to veterans in an amount of \$16,530,256. Of this aggregate, the Land Bank Commissioner accounts for 2,673 of the loans, amounting to \$2,648,971. The average land-bank loan was \$3,990, as compared with \$991 for Commissioner loans. More than half of the number and amount of loans made by both the land banks and the Commissioner as of June 30, 1947, were made during the year preceding. During the period July 1, 1945-June 30, 1947, the Farmers Home Administration and its predecessor, the Farm Security Administration, made 5,264 farm-ownership loans to farmer-veterans, totaling \$41,113,762.

Non-real-estate loans granted farmer-veterans by federally sponsored agencies included those made by the production credit associations and those of the Farmers Home Administration. As of June 30, 1947, the PCA's had loaned approximately 54 million dollars to 21,000 members of the armed forces and veterans of World War II. The Farmers Home Administration financed veterans who were not able to secure comparable non-real-estate credit elsewhere. During the 2-year period July 1, 1945-June 30, 1947, approximately 45,000 loans amounting to 59 million dollars and averaging \$1,305 each were made to veterans who were beginning as farm operators. Loans were also made to farmer-veterans who had already established themselves as farm operators, but who needed additional credit assistance. During the year ended June 30, 1947, 11,929 of these loans, totaling \$3,946,394 and averaging \$531 each, were granted. In addition, 236 water-facility loans, amounting to \$354,017, were made to veterans living in the West during the 2-year period ended June 30, 1947.

#### NON-REAL-ESTATE AGRICULTURAL LOANS

A rise in non-real-estate agricultural loans which began last year appears to be continuing at a rapid rate. The outstanding loans (excluding loans made or guaranteed by the Commodity Credit Corporation) of the principal lending institutions reached nearly 2.4 billion dollars on June 30, 1947. This is 15 percent greater than the amount outstanding a year earlier and 31 percent larger than on June 30, 1945. During the year ending June 30, 1947, bank loans increased 21 percent, loans of the production credit associations 19 percent, and loans of private financing institutions discounting with the Federal intermediate credit banks 15 percent. Loans of the Regional Agricultural Credit Corporation and the Farmers Home Administration decreased but not sufficiently to offset the upward trend of loans in the other lending institutions. On the basis of the 38-percent rise between June 1946 and June 1947 in the Federal Reserve estimate of consumer credit it seems probable that the credit purchases of farmers from merchants, dealers, and finance companies may have increased even faster than the short-term loans of the main institutional lenders.

Table 1.- Non-real-estate loans outstanding by lender groups, 1946 and 1947

Lender	June 30, 1946	June 30, 1947	Percentage change
	1,000 dol.	1,000 dol.	Percent
All commercial banks (except CCC) . . . . .	1,305,233	1,577,359	21
Production credit associations . . . . .	300,385	357,280	19
Federal intermediate credit banks (other financing institutions) . . . . .	33,515	38,527	15
Regional Agricultural Credit Corporation Farmers Home Administration (including ECFL and FSA) . . . . .	3,820	2,135	-44
	450,547	422,220	-6
Total . . . . .	2,093,500	2,397,521	15

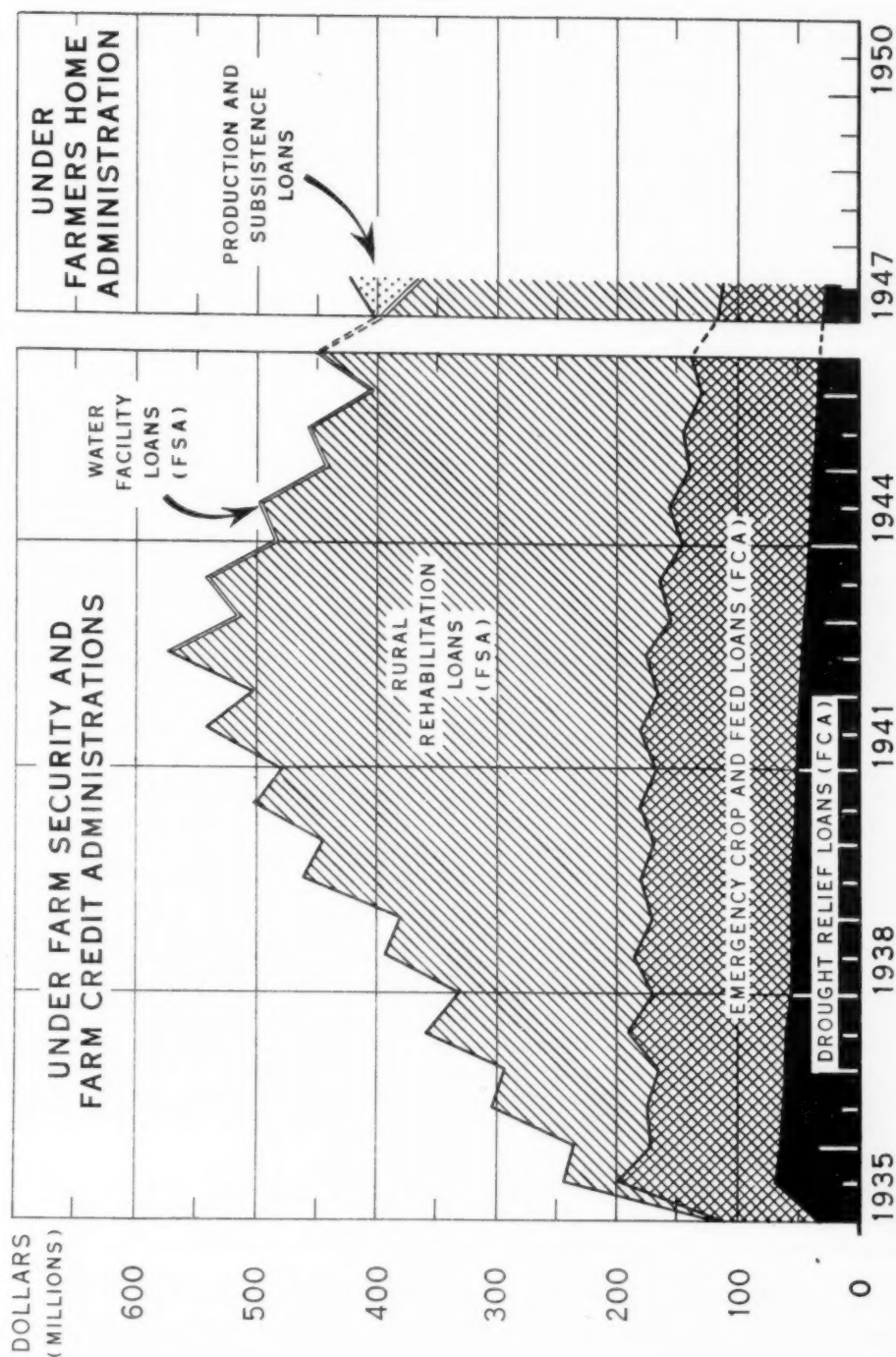
Commercial Banks and Lenders Discounting with the Federal  
Intermediate Credit Banks

The combined volume of loans (excluding CCC) outstanding from banks, production credit associations and discounts of the Federal intermediate credit banks for private financing institutions increased between June 1946 and June 1947 in all States. Although increases for most States did not vary greatly from the United States average of 20.4 percent, the increase in Iowa was only 1.2 percent, whereas in Florida and Delaware the increases were 52.9 percent and 53.1 percent respectively. By regions, the smallest rise was in the West North Central and the largest was in the Middle Atlantic. Increases during the 2-year period, June 1945 to June 1947, were also smallest in the West North Central States (24.3 percent) and largest in the Middle Atlantic States (68.4 percent).

The 7-percent increase in the number of loans made by the PCA's this last fiscal year compared with the previous year suggests that some of the rise in outstanding credit from the principal lending institutions may result from an increase in the number of farmers who are using credit. However, the larger average amounts borrowed by individual farmers appear to be of more importance. The average size of PCA loans was 13 percent greater during the first half of 1947 than for the first half of 1946. Increases occurred in every region.

There is rapid turn-over in the use of non-real-estate credit. The amount of loans made (including renewals) by production credit associations and the private financing institutions that discount with the Federal intermediate credit banks during the year ended June 30, 1947 was about twice the amount outstanding on that date. As the loans of these agencies are usually made for the same purpose as the agricultural loans of commercial banks, it is probable that the latter also have a high rate of turn-over.

# NON-REAL-ESTATE LOANS OUTSTANDING UNDER PROGRAMS NOW ADMINISTERED BY THE FARMERS HOME ADMINISTRATION, JAN. 1 AND JULY 1, 1935-47



The Farmers Home Administration

Non-real-estate loans of the Farmers Home Administration differ from other non-real-estate loans in that they are made to low-income farmers who are not able to qualify for comparable credit elsewhere. Most of the non-real-estate loans of the FHA are called "Production and Subsistence loans." They are of two types: (1) The Farm and Home Plan or "adjustment" loan which is granted for periods up to 5 years, and (2) the Nonfarm and Home Plan loan which has a maximum duration of 15 months. On June 30, 1947, 58 million dollars in Production and Subsistence loans were outstanding. Another type of non-real-estate loan granted in small volume by the FHA is the Water Facility loan which is made to individuals or to associations of farmers. These loans, of which 2.8 million were outstanding on June 30, 1947, were first made in 1942 under the Farm Security Administration.

The Farmers Home Administration has been supervising and liquidating Rural Rehabilitation and Emergency Crop and Feed Loans which it took over from the Farm Security and Farm Credit Administration respectively when organized in November 1946. Rural rehabilitation loans were first made in 1934 and the amount outstanding grew to approximately 397 million dollars by June 1942. As of June 30, 1947, the outstanding amount had declined to about 254 million, of which approximately 118 million, or 45 percent, was overdue. The Emergency Crop and Feed Loans, some of which were made as early as 1918, reached a peak of 189 million dollars in June 1937. As of June 30, 1947, the amount outstanding was approximately 111 million dollars. All but a small part of these loans are past due.

Public Law 518 which gave authority for writing off uncollectible loans was passed in December, 1944. Under this law the amount of write-offs, excluding interest to July 1, 1947, was \$765,000 for Rural Rehabilitation accounts and \$11,319,000 for Emergency Crop and Feed loan accounts. During the same period loans outstanding were reduced through repayment by 44 million dollars in the case of Rural Rehabilitation accounts and 15 million in Emergency Crop and Feed Loan accounts.

Figure 1 shows how the volume of non-real-estate loans now administered by the Farmers Home Administration gradually declined from a peak of 575 million dollars in July 1942 to 425 million on June 30, 1947. This decline is due to reduced lending and a higher rate of repayment during recent years and to write-offs accomplished under Public Law 518. During the coming year the Farmers Home Administration has appropriations of approximately 68 million dollars to lend for Production and Subsistence loans and 1.5 million dollars for Water Facility loans.

REVISION OF SERIES: NON-REAL-ESTATE LOANS TO FARMERS

Data on non-real-estate loans to farmers shown in appendix table 15 have been revised in certain particulars, especially the data on loans to individual

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farmers by commercial banks under guarantees by the Commodity Credit Corporation. The data now shown for such loans were developed from records of the CCC. Previously, the figures for the years before 1943 were based on CCC records and those from 1943 on were taken from reports of the banks to supervisory authorities. The series has been revised because it became apparent that substantial errors had developed in the bank-reported figures for the period 1943-47. The banks at the beginning of the period lacked clear instructions for separating loans to individual farmers from loans to farmers' cooperatives and - more important - a large volume of payments made by the banks on behalf of CCC to dealers and others under the purchase program of CCC was misclassified as "agricultural loans." Such errors of classification appear to have been corrected in the bank reports for June 30, 1947, and the bank figure and the Commodity Credit Corporation figure now correspond closely.

#### SURVEY OF BANK LOANS TO FARMERS

A survey of the characteristics of bank loans to farmers was conducted by the Federal Reserve System and the Federal Deposit Insurance Corporation in June and July of this year.<sup>1/</sup> The Bureau of Agricultural Economics cooperated in developing the plan. Two types of loans were covered: "production loans" or non-real-estate loans - excluding loans guaranteed by the Commodity Credit Corporation - and "real estate mortgage loans."

#### Production Loans

In the middle of 1947 insured commercial banks held an estimated 2,185,000 farm production loans representing an outstanding amount of 1,480 million dollars.<sup>2/</sup> Nearly half of the number of such loans was for amounts of less than \$250 each (table 1), but these small loans constituted only 7 percent of the dollar amount of all farm production loans. Almost one-third of the dollar amount of production loans outstanding was represented by loans under \$1,000. About two-thirds of the number and amount of loans outstanding were drawn for terms of less than 6 months. The uses of the borrowed money were various, but most were to pay farm operating expenses and family living costs, and to buy machinery and livestock (table 2). Collateral security such as

<sup>1/</sup> Partial results are reported by Tynan Smith and Philip T. Allen in an article entitled "Commercial Bank Loans to Farmers," Fed. Res. Bull., Oct. 1947, pp 1216-1227. About 700 banks that are members of the Federal Reserve System and approximately 500 nonmember banks that are insured by the Federal Deposit Insurance Corporation provided the basic data. In most cases the Federal Reserve Banks have published results pertaining to their respective regions. Future Federal Reserve Bulletins will give national summaries of other details of the survey.

<sup>2/</sup> The survey extended over several weeks, hence the amount differs from the 1,528 million dollars reported by Federal Deposit Insurance Corporation, Assets and Liabilities of Operating Insured Banks, June 30, 1947, p. 8.



endorsement or pledge of specific assets - livestock, machinery, or crops - was required for 66 percent of the number and 71 percent of the amount of outstanding loans. The remaining loans were in the form of one-name "unsecured" notes. The average rate of interest charged for production loans was 6.2 percent, not including fees often charged for notarizing and recording chattel mortgages.

Table 1.- Farm production loans of insured commercial banks outstanding in mid-1947, by size of loan and net worth of borrower (estimates of outstanding loans)

Size of loan and net worth of borrower	Number of loans	Amount of loans	Percentage distribution	
			Number	Amount
	<u>Thousands</u>	<u>Million dollars</u>	<u>Percent</u>	<u>Percent</u>
<b>Size of loan:</b>				
Under \$250 . . . . .	938	102	42.9	6.9
\$250-\$499 . . . . .	428	126	19.6	8.5
\$500-\$999 . . . . .	375	211	17.1	14.2
\$1,000-\$2,499 . . . . .	317	393	14.5	26.5
\$2,500-\$4,999 . . . . .	82	227	3.8	15.4
\$5,000 and over . . . . .	45	421	2.1	28.5
All loans . . . . .	2,185	1,480	100.0	100.0
<b>Net worth of borrower:</b>				
Under \$2,000 . . . . .	522	115	23.9	7.8
\$2,000-\$9,999 . . . . .	1,007	462	46.1	31.2
\$10,000-\$24,999 . . . . .	410	338	18.8	22.9
\$25,000-\$99,999 . . . . .	176	335	8.1	22.6
\$100,000 and over . . . . .	27	208	1.2	14.0
Unclassified . . . . .	42	22	1.9	1.5
All borrowers . . . . .	2,185	1,480	100.0	100.0

Note: Detailed figures may not add to totals because of rounding.

Table 1 of article cited in footnote 1 of text.

Of the "production loans" outstanding at mid-1947, approximately 12,000 loans amounting to 18 million dollars were secured by the guarantee or insurance of the Veterans Administration under the Servicemen's Readjustment Act. As the Veterans Administration had guaranteed and insured by June 25, 1947 only

about 15,000 non-real-estate loans to farmer-veterans, amounting to about 30 million dollars, it appears that banks had made a large part of such loans.

Table 2.- Farm production loans of insured commercial banks outstanding in mid-1947, by size and purpose of loan (estimates of the number of outstanding loans)

Size of loan	Purpose of loan					
	All purposes	Pay production and living expenses	Buy machinery or live-stock	Buy or improve land or buildings	Repay debts	Unclassified
	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands
Under \$250 . . . . .	938	606	183	28	36	85
\$250-\$499 . . . . .	428	221	145	22	15	25
\$500-\$999 . . . . .	375	152	171	24	12	15
\$1,000-\$2,499 . . . . .	317	99	168	29	10	10
\$2,500-\$4,999 . . . . .	82	24	42	11	2	3
\$5,000 and over . . . . .	45	13	21	7	1	2
All loans . . . . .	2,185	1,116	731	122	76	140
Percentage distribution						
	Percent	Percent	Percent	Percent	Percent	Percent
Under \$250 . . . . .	42.9	54.3	25.0	22.9	46.9	61.1
\$250-\$499 . . . . .	19.6	19.8	19.9	18.2	19.3	17.6
\$500-\$999 . . . . .	17.1	13.6	23.5	19.9	15.9	10.9
\$1,000-\$2,499 . . . . .	14.5	9.0	23.0	24.3	12.8	7.4
\$2,500-\$4,999 . . . . .	3.8	2.2	5.8	8.8	3.1	1.8
\$5,000 and over . . . . .	2.1	1.1	2.8	5.9	1.9	1.3
All loans . . . . .	100.0	100.0	100.0	100.0	100.0	100.0
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Average size of loan . . . . .	680	460	980	1,120	630	450

Note: Detailed figures may not add to totals because of rounding.

Table 3 of article cited in footnote 1.

Most of the farm production credit extended by commercial banks was to farmers who owned only moderate resources. About 89 percent of the number and

62 percent of the amount of outstanding loans were to borrowers with net worths of less than \$25,000 and 70 percent of the number and 39 percent of the amount were to borrowers with net worths of less than \$10,000 (table 1).

### Mortgage Loans

In mid-1947, insured commercial banks held an estimated 265,000 farm-mortgage loans representing an outstanding amount of 725 million dollars.<sup>3/</sup> The total land that secured such mortgages appears to be equivalent to approximately 50,000 square miles, or about 32 million acres.

The median original amount or face value of farm-mortgage loans was about \$2,400. About 79 percent of the number of outstanding mortgage loans was for original amounts of less than \$5,000 each and 31 percent for less than \$1,500 each. However, original loans of less than \$5,000 constituted less than half of the amount of loans outstanding in mid-1947 and original loans under \$1,500 represented only 7 percent of the amount outstanding. Most of the outstanding mortgage loans were originally drawn for terms of less than 10 years, and 59 percent of the amount and 70 percent of the number for less than 5 years.

About two-thirds of outstanding mortgage loans were made to permit borrowers to buy land. Some loans were for building, or for repairing buildings and in the South mortgage loans often were made for farm-operating purposes. Most of the farms that were mortgaged to secure the loans were of small or medium size. About 72 percent of the number and 55 percent of the amount of outstanding loans were secured by farms of less than 140 acres.

The survey indicated that 60 percent of the number and 67 percent of the amount of farm-mortgage loans outstanding in mid-1947 had been made either in 1946 or in 1947 (table 3). Most of such loans are believed to represent new borrowings rather than renewals of pre-existing loans. The banks reported a substantial decrease since 1940 in the percentage of the selling price of farm land that they were willing to lend. In contrast to 1940, when more than 80 percent of the banks were lending 50 percent or more of the price of farm property, only 55 percent of the banks made such terms available in 1947 after the rise in farm valuations. Only 16 percent of the banks offered loans for more than 50 percent of value in 1947, compared with 33 percent in 1940.

The average interest rate on farm-mortgage loans outstanding at commercial banks in mid-1947 was 4.9 percent. This rate does not include the fees for title search, recording, and appraisal, which are associated with the initiation of a loan. Loans under \$1,500 averaged about 6 percent interest while loans from \$10,000 to \$25,000 averaged about 4.5 percent.

<sup>3/</sup> 765 million was reported for June 30. See footnote 2.

Table 3.- Farm-mortgage loans of insured commercial banks outstanding in mid-1947, by date of mortgage (estimates of outstanding loans)

Date of mortgage	Number of loans	Amount of loans	Percentage distribution	
			Number	Amount
	<u>Thousands</u>	<u>Million dollars</u>	<u>Percent</u>	<u>Percent</u>
Before 1940 . . .	16	25	5.9	3.5
1940-45 . . . . .	91	216	34.3	29.9
1946 . . . . .	96	285	36.4	39.3
1947 . . . . .	62	198	23.4	27.3
Total . . . . .	265	725	100.0	100.0

Note: Detailed figures may not add to totals because of rounding.

Table 12 of article cited in footnote 1.

#### DEPOSITS OF COUNTRY BANKS

The volume of rural bank deposits is far above the prewar level (appendix table 38). A weighted index of total deposits of member banks in places of less than 15,000 population in 20 leading agricultural States for August 1947 was more than four times that for the beginning of 1940. However, the increase during the year ended August 1947 was only 2.8 percent.<sup>1/</sup> By regions, the trends of rural bank deposits varied during the year from a decrease of 1.5 percent for 8 cotton-growing States, to an increase of 8.9 percent for the 4 Great Plains States.

The index of demand deposits in the 20 leading agricultural States for August 1947 was nearly five times that for January 1940, although from August 1946 to August 1947 the index for these States increased only 0.7 percent. Regional deposit trends varied during the year from an 8.8 percent increase in the 4 Great Plains States to a decrease of 4.6 percent in 8 cotton-growing States.<sup>2/</sup>

<sup>1/</sup> The deposits covered by these series include the individual accounts of farmers and others and the war-loan accounts of the Federal Government. During the year ended August 1947 individual deposits of farmers and other depositors in rural banks substantially increased. Such increase was offset to a large extent by a decrease in the war-loan accounts of the Federal Government in rural banks.

<sup>2/</sup> For a list of States in these various groupings, which are not mutually exclusive, see appendix table 38.

The index of time deposits for August 1947 was about two and one-half times that for January 1940. This index for the 20 States was up 8.4 percent during the year ended August 1947. Time deposits, like demand deposits, showed the greatest percentage rise from August 1946 to August 1947 in the 4 Great Plains States, an increase of 11.4 percent. However, all regions showed gains, the smallest proportionate gain being 1.5 percent in the 8 Mountain States.

#### THE BALANCE SHEET OF AGRICULTURE

On January 1, 1947, the assets of agriculture, including the associated financial assets of farm people, were valued in current prices at more than 111 billion dollars (appendix table 33). The increase during 1946 was nearly 13 billion dollars, or 13 percent. This included a gain of nearly 2 billion dollars, or 10 percent, in the financial assets, principally money on hand or in the banks and in United States savings bonds. The largest part of the increase of total assets, however, was the 6-billion rise in the value of real estate - a gain of 12 percent which resulted almost entirely from higher valuations.

In the case of livestock, there was an increase of 2 billion dollars, or 23 percent, despite declining numbers for each class of livestock. Machinery, harvested crops on hand, and household equipment likewise gained in value, partly from gains in physical quantities but more largely because of the higher prices at which inventories were figured.

Agricultural debts were estimated at 8 billion dollars on January 1, 1947, an increase of 7 percent from the year before. Farm real estate mortgages increased 2 percent but still amounted to less than 5 billion dollars. Non-real-estate debts of farmers, particularly those to miscellaneous lenders such as merchants and dealers, are believed to have increased more percentage-wise than did the mortgage debts. Such loans to farmers made by the principal lenders, excluding loans made or guaranteed by the Commodity Credit Corporation, increased 17 percent to nearly 2 billion dollars during the year. The ownership equities - the rights of owner and tenant operators and landlords - were nearly 103 billion dollars at the beginning of 1947, an increase of 12 billion dollars or 13 percent over the figure for 1946.

The total net income from agriculture and Government payments was nearly 19 billion dollars in 1946, an increase of about 3 billion dollars, or 19 percent, over the year before. The large agricultural income was made possible by a very large production of farm products which were sold at relatively high prices. The high degree of prosperity in the nonfarm sector of the economy and the world-wide need for food and fiber gave American farmers a large and active market in which to dispose of their huge output.

Heretofore, balance-sheet comparisons have been possible only back to 1940. Now for the first time a tentative balance sheet for January 1, 1930 is offered. The comparative figures for 1930, 1940, and 1947 are shown in table 1.



The balance sheet for 1930 pictures the financial status of agriculture as it was before it had suffered the drastic depression of the years to follow. The asset values were much higher than in following years. Real estate was valued at nearly 48 billion dollars and other physical assets added up to another 16 billion. Financial assets, however, totaled only about 4 billion dollars. Assets altogether amounted to more than 68 billion dollars. The year 1930 was a period of relatively high agricultural indebtedness, much of which was incurred during and immediately following World War I. Mortgage debt was nearly 10 billion and non-real-estate debt was nearly 5 billion dollars. Thus the ownership equities of the proprietors - owner and tenant operators and landlords - were about 53 billion dollars.

Table 1.- Comparative balance sheet for agriculture and percentage distribution of the items, January 1, 1930, 1940, and 1947

Item	1930 1/	1940	1947	Percentage distribution		
				1930	1940	1947
<u>Assets</u>	Million dollars	Million dollars	Million dollars	Percent	Percent	Percent
Real estate . . . . .	47,880	33,642	58,604	70	62	53
Livestock . . . . .	6,555	5,133	11,979	10	10	11
Machinery and motor vehicles	3,302	3,135	6,889	5	6	6
Crops . . . . .	2,517	2,645	6,894	4	5	6
Household equipment . . . . .	3,971	4,275	4,766	6	8	4
Deposits and currency . . . . .	3,600	3,900	15,100	5	7	14
U. S. savings bonds . . . . .	0	249	5,371	0	2/	5
Investments in cooperatives	600	826	1,606	2/	2	1
Total . . . . .	68,425	53,805	111,209	100	100	100
<u>Equities or claims</u>						
Real estate mortgages . . . . .	9,631	6,586	4,890	14	12	4
Non-real-estate debt:						
To principal institutions	2,546	1,983	2,024	4	4	2
To others . . . . .	2,408	1,455	1,500	3	3	1
Proprietors' equities . . . . .	53,840	43,781	102,795	79	81	93
Total . . . . .	68,425	53,805	111,209	100	100	100

1/ Tentative.

2/ Less than 0.5 percent.

Between 1930 and 1940 came the great depression. Balance sheets have not been prepared for these intervening years, but the value of real estate, the largest agricultural asset, is known to have declined from about 48 billion

dollars in 1930 to about 31 billion in 1933, or more than one-third. Other physical assets also declined in value. In the case of livestock, for example, the decline exceeded one-half of the 1930 valuation of stock on farms. There was also a marked reduction of indebtedness characterized by foreclosures, debt adjustments and repayments often made from liquidation of working capital.

The balance sheet for 1940 shows considerable recovery from the depressed valuations of the middle thirties although real estate still was valued at somewhat less than 34 billion as compared with about 31 billion in 1933. Live-stock values had recovered to almost four-fifths of the valuation for 1930. Tangible non-real-estate assets as a whole totaled 15 billion dollars and financial assets almost 5 billion making total assets nearly 54 billion dollars. Total indebtedness was about one-third less than in 1930 while ownership equities were down to about four-fifths of the 1930 amount.

The balance sheet for 1947 gives effect to the high prices following World War II. Farm real estate was valued at the highest amount in history - just a little short of 59 billion dollars. Other tangible non-real-estate assets totaled over 30 billion, about seven-eighths more than in 1930. The total financial assets of people living on farms was over 22 billion dollars in 1947, as compared with a mere 4 billion in 1930. Although in the year 1946 farm indebtedness increased slightly, total indebtedness was only a little more than 8 billion dollars, as compared with nearly 15 billion in 1930. The ownership equities were nearly 103 billion dollars, about double the 1930 level and much more than double the 1940 amount.

The physical quantities of assets for which values are reported in the balance sheet changed less from 1930 to 1947 than the prices in which these physical assets were valued. The farm acreage and buildings in use probably are not greatly different than in 1930. The number of cattle and the quantity of machinery on farms have increased considerably since 1930 but some items such as the number of horses, mules, and sheep are less. High prices of farm products have directly caused an increase in the values of asset items held for sale. Indirectly, the high level of farm income during recent years has influenced people's expectations concerning future income and thus their valuation of farm land and other durable goods used in further production. However, the values of the physical assets can come down as readily as they increased, and from the same principal cause - price changes. The physical assets constitute the farmers' hedge against inflation but they are adversely influenced by deflation. The financial assets would gain in purchasing power if prices dropped. They constitute a hedge against deflation just as the physical assets are a hedge against inflation.

It thus appears from the balance sheet of 1947 that if there should be a period of economic stress in the near future comparable to that which followed 1930, agriculture as a whole would be in a much better position than then to withstand a shrinkage of income. The reduced financial charges associated with lower debts would take less away from current income than was the case in the 1930's. In some cases the increased volume of financial assets would help in meeting debt payments. But all too frequently those who owe the debts are not those who own the financial assets. While a decline in the price level would bring lower physical asset valuations and a correspondingly lower equity

for agricultural proprietors, such a decline would increase the purchasing power of the money, deposits, and United States savings bonds already owned. As such assets could be drawn upon to meet financial, operating, and family needs during any extended period of lower income, their increased volume gives agriculture as a whole a greater capacity to meet the reductions of income than has been the case in earlier depressions.

BALANCE SHEET OF AGRICULTURE AID TO PROPOSED NATIONAL BALANCE SHEET

The Balance Sheet of Agriculture, published annually for the last several years by the Bureau of Agricultural Economics, probably is the first industry-wide balance sheet to receive general recognition (appendix table 33). In preparing this balance sheet, agriculture has been treated as though it were a single huge enterprise. The same result is achieved as though the balance sheets of individual farm enterprises were consolidated. All assets of agriculture are combined, including not only the land, buildings, and other physical assets on farms but also the important financial assets of farm people such as money, bank deposits, and United States savings bonds. Likewise the claims to these assets are combined into main classes, namely farm real estate mortgages, the non-real-estate debts of farm operators, and the ownership equities of all interested parties, including particularly owner and tenant operators and landlords not living on farms. Thus agricultural wealth is measured on the one hand by the aggregate assets and on the other by the total rights in those assets.

The Conference on Research in Income and Wealth sponsored by the National Bureau of Economic Research has now undertaken to prepare a National Balance Sheet as of December 31, 1929, 1939, and 1945. National wealth is being estimated for each sector of the economy, of which agriculture is one, in terms of the various classes of assets and the various rights, claims, and equities in such assets. With appropriate adjustments, the Balance Sheet of Agriculture can be used directly in such an undertaking. To assist in the work of the Conference, the Bureau of Agricultural Economics has prepared a tentative balance sheet of agriculture for December 31, 1929, which heretofore has not been available,<sup>1/</sup> and a technical paper concerning the problems involved in using the Balance Sheet of Agriculture in the preparation of a National Balance Sheet.<sup>2/</sup>

The economic sectors for which balance sheets will be prepared include credit institutions, public utilities, manufacturing, trade, extractive industries, Government, nonprofit institutions, unincorporated owners of rental residences, households, possibly forestry, and various others. Numerous problems are involved in effecting a consolidation to arrive at a National Balance Sheet. Thus, several sectors have claims against farmers, and some, such as financial institutions, governments, and industry, own farm enterprises outright. Farmers in turn hold claims against nonfarm sectors. Moreover, assets

<sup>1/</sup> See Balance Sheet for January 1, 1930, page 91.

<sup>2/</sup> Unpublished ms. by Roy J. Burroughs, "The Agricultural Segment of the National Balance Sheet."

are evaluated differently in different enterprises and sectors of the economy. Agricultural assets are valued in the Balance Sheet of Agriculture at current prices. In many other cases the usual basis of valuation is the original cost of assets to existing operating concerns, less depreciation. The problems of eliminating overlapping claims and of obtaining a net statement of uniformly valued assets for the various industries are only two of the many difficult undertakings.

#### FEDERAL CROP INSURANCE

Federal crop insurance will be offered on a reduced scale in 1948. New legislation (Public Law 320, 80th Congress) establishes the maximum number of counties in which insurance on each commodity may be offered. Insurance on wheat, cotton, and flax, offered nationally in 1947, will be limited to 200, 56, and 50 counties, respectively. The limit for corn will be 50 counties, and for tobacco, 35 counties.<sup>1/</sup> Insurance may also be offered on two additional commodities each year in not to exceed 20 counties each.

The 1948 crop-year will mark the beginning of a third phase in the development of the Federal crop insurance system. With the scope of the program limited, the Federal Crop Insurance Corporation has been given considerably more freedom to experiment with different plans of insurance.

The first phase in the history of crop insurance included the five crop-years 1939-43, when insurance was offered on wheat and cotton nationally (cotton, beginning with the 1942 crop). Indemnities paid exceeded premiums collected each year for each crop. Congress suspended the program and no crops were insured in 1944.

The second phase began with the 1945 crop-year, following reinstatement of the program late in 1944, and extends through the 1947 crop-year. During this period, wheat, cotton, and flax were insured nationally, and trial insurance was offered on corn and tobacco in a limited number of counties. For the 2-year period 1945-46 (for which data are available) the FCIC made a profit on three of the five insured commodities - wheat, flax, and tobacco. Furthermore, the experience is expected to prove favorable for each of these crops in 1947. In the case of wheat, surpluses were accumulated for the 1945-46 period, with another surplus indicated for 1947 - in fact the surpluses for these 3 years probably will be sufficient to balance the deficits in earlier years. Tobacco insurance has been profitable for the FCIC every year since it was first offered on a trial basis in connection with the 1945 crop. There was a small loss on corn during the 2-year period 1945-46. Due primarily to the unfavorable experience in the first year, 1945, and the short corn crop of 1947, it appears that the experience on this crop will result in a loss for the 3-year

<sup>1/</sup> During 1947 insurance on wheat was written in 1,509 counties, on cotton in 699 counties, on flax in 232 counties, and on corn and tobacco in 19 counties each.

period 1945-47. Cotton losses were extremely heavy in 1945 and 1946. Losses were also suffered in 1942 and 1943. The fact that premiums collected have not equalled indemnities paid has been a major influence leading to a restriction of the entire crop insurance program geographically in 1948.

The amendatory legislation, in addition to permitting insurance to be offered on two additional commodities each year in not to exceed 20 counties each, permits experimentation with additional plans of insurance. It also permits the corporation to reinsure, in not more than 20 counties, private insurance companies which offer "all-risk" crop insurance.

Other features of the new legislation include (1) enlargement of the Board of Directors of the FCIC from three to five members, two to be experienced insurance men who are not otherwise employed by the Government, and (2) the stipulation that employees responsible for county insurance administration are to be selected by and to be responsible to FCIC.

Crop insurance experience with wheat, cotton, and flax is given, by States, for 1946 and nationally for earlier years, in appendix tables 32, 30, and 31. Trial experience with corn and tobacco for 1946 is given in table 1.2/ The number of insurance contracts in force on June 30, 1947, compared with those in force in 1946, is shown for the United States by crops in table 2.

Table 1.- Trial crop insurance experience, United States, 1946 crop  
(as of June 30, 1947)

Crop and type of insurance	Counties	Contracts in force	Premiums collected		Indemnities paid	
					Number	Amount
	Number	Number	Bushels	Dollars	Number	Bushels Dollars
Corn:						
Investment insurance	16	4,571		117,318	615	67,371
Yield insurance . .	14	2,851	212,812		817	178,634
Total . . . . .	19	7,422			1,432	
Tobacco:						
Investment insurance	16	1,795		54,138	47	2,811
Yield-quality insurance . . . .	19	12,020		736,612	752	142,991
Total . . . . .	19	13,815		790,750	799	145,802

2/ Additional information on crop insurance experience appears in previous issues of this publication.



Table 2.- Number of crop insurance contracts in force, 1946 and 1947, by crops  
(as of June 30, 1947) 1/

Crop	1946	1947
	<u>Number</u>	<u>Number</u>
Wheat . . . . .	305,428	360,408
Cotton . . . . .	114,270	122,212
Flax . . . . .	10,412	35,613
Corn <u>2/</u> . . . . .	7,422	6,868
Tobacco <u>2/</u> . . . . .	13,815	14,676
Total . . . . .	451,347	539,777

1/ The number of insured farms is larger than the number of contracts because a farmer's contract generally includes all of his farms in the county.

2/ Insurance offered on corn and tobacco in 19 counties in both 1946 and 1947.

#### Insurance Plans for 1948

The plans of insurance offered on insurable crops in 1947 were much the same as in 1946. However, important changes are planned in connection with insurance on 1948 crops.

The major innovation for 1948 will be a 1-year contract for dollar insurance on wheat, cotton, and flax in selected counties. Such insurance will be offered at a figure not to exceed the average investment in the crop. Under this plan the contract will state both the coverage and premium rate in terms of dollars and cents per acre. The contract will also state the price per unit of yield to be used in converting actual production to dollars, for comparison with the coverage to determine the amount of the indemnity, if any. For example, if wheat were insured for \$10 an acre on a particular farm, and only 5 bushels per acre were produced, this production would be converted to dollars to determine whether an indemnity were due and how much. If, as in the case of wheat in 1948, the conversion price stated in the contract were \$1.60 per bushel, the production would be valued at \$8 per acre, and an indemnity payment of \$2 an acre would be due the farmer. The conversion price for wheat in 1948 (\$1.60 per bushel) was established at approximately 80 percent of the parity price of wheat for June 1947. The insurance coverage would be the same for all farms in a county or area of a county following the same farming practices. The coverage is "progressive" rather than uniform throughout the season, that is, it increases as additional costs are incurred.

The 3-year-yield wheat contracts which were sold in connection with the 1946 and 1947 crops will be continued in effect in 1948 in the 200 counties in which wheat insurance can be offered, as amendatory legislation does not affect them. However, it is anticipated that the new yield wheat contracts to be sold in 1948 will be on a "continuous" basis, subject to annual cancellation by either the farmer or the FCIC. No insurance was sold on the winter wheat crop for harvest in 1948. The continuous "yield" contract was first tried in

connection with cotton in 1946. Flax insurance was offered as a 1-year contract in connection with the 1946 and 1947 crops. It is anticipated that insurance on the 1948 flax crop will also be offered as a "continuous" contract.

"Partial coverage," which was first introduced in 1946 (See November, 1946, issue of this publication, page 71), permits farmers to buy less protection than under the regular contract and to pay for it at proportionally reduced rates if they so desire. Not much insurance of this kind was sold in 1946 and 1947, but it will be offered again, with possible modifications, in 1948.

#### FARM REAL ESTATE TAXES IN 1946 AND 1947

Farm real estate taxes per acre averaged about 12 percent higher in 1946 than in 1945. Preliminary indications are that the 1947 levies will show a further increase of about the same amount. Such an increase in 1947 would be the fourth consecutive increase in the average for the country as a whole. The index of real estate taxes per acre for the United States (1909-13 = 100) advanced from 199 in 1945 to 222 in 1946 (appendix table 24).<sup>1/</sup> The further advance suggested by preliminary reports for 1947 would bring the series to about the level of 1920, when the sharp increases of the World War I period ended. But this would still leave average farm real estate levies below the peak reached in 1929.

Taxes per \$100 of farm real estate value for the United States remained at \$0.90 in 1946, for a second year, because the percentage increase in taxes per acre was matched by the increase in land values. Little change is likely in 1947 because, for the country as a whole, taxes per acre and values per acre both are continuing to move upward at about the same rate. During the years from 1939 to 1944, however, taxes per acre varied relatively little, whereas values of farm land increased substantially. As a result, during those years taxes in relation to land values fell year after year. The level of taxes per \$100 of value is lower now than in any year since 1920.

Changes in taxes per acre for the individual States in 1946 covered a wide range. Four States showed increases of a third or more and one State showed a decline of nearly one-fifth. On the whole, the upward movement was general and without any particular regional pattern in the extent of the changes except for the substantial increases in the three Pacific States. The large drop in North Dakota apparently was due chiefly to a change in assessment procedure. This change reduced the assessment ratio from 75 percent to 50 percent of full value, without at the same time raising rate limits. At the 1947 session of the legislature, however, the rate limits for a number of functions were raised, and this will permit some increase in taxes in coming years.

<sup>1/</sup> The figures for the years 1940-45 in appendix tables 23-27 in some cases differ from those previously shown, primarily because of the incorporation of data relating to acreage and value of land in farms from the 1945 Census of Agriculture.

Taxes per \$100 of value decreased in 1946 in nearly two-thirds of the States. As farm land values increased in all States, this result reflects the frequency with which increases in value were greater than increases in taxes per acre. The biggest decrease occurred in North Dakota where, as pointed out, the average tax per acre fell sharply. On the other hand, in the three Pacific States, the sharp increases in average taxes per acre more than offset the increased values, and resulted in substantial increases in taxes per \$100 of value.

The increase in farm real estate taxes per acre in 1946, as well as the expected further rise in 1947, to a considerable extent resulted from the postwar demands for restoring or augmenting prewar levels of State and local government services, combined with the rising costs of providing these services. In some cases, war-induced shifts in population undoubtedly had much to do with the increased requirements of local governments. This probably was one of the main influences that led to the sharp increases in the Pacific States. In many communities, however, taxes were increased simply because costs of Government services were higher. Even without taking into account the desire for new or expanded services, it is evident that, in a period of rising prices, just to maintain the past level of Government services usually takes more money. For example, school salaries have been and are being increased in many communities, in an effort to hold or to attract teachers of high quality. Rates of pay for many other public employees have been adjusted upward for similar reasons. As materials and supplies also cost more, it is evident that financial demands upon many Government units are extremely heavy. Not all of this burden falls upon property but, in the case of local governments, at least, property taxes are still the major source of revenue.

The sharp increase in farm real estate taxes per acre in recent years suggests a parallel to developments that came immediately after World War I. But in the earlier period, such taxes had been rising steadily for a decade before the war. Then, during the war and the immediate postwar year, they continued to rise, carried up chiefly by a rising general price level. The upward trend was sharply moderated by the price declines of 1920-21 but taxes continued to rise until 1929. In contrast, before and during the recent war period, farm real estate taxes were relatively stable. Such fluctuations as occurred were within a narrow range.

Many of the factors that contributed to the stability in property-tax levies in the decade from 1934 to 1944 will have much to do with the course of these levies in the coming years. As pointed out in previous reports, State and local governments do not now rely on property taxes for revenue to the extent they did at the time of World War I. Other types of taxes - such as those on retail sales, income, and motor fuels - provide an increasing proportion of State and local revenues. The high level of economic activity in recent years has stimulated collections from such taxes. This, in turn, has tended to offset some of the pressure for revenue which otherwise would have led to greater increases in property taxes.

A further factor is that property no longer is considered the only available source of added revenue when substantial increases seem imperative. This is evidenced by such developments as the adoption of general retail sales taxes by 4 States in 1947 which brought the number having such taxes to 27. In

addition, a number of States have increased their gasoline taxes, several have made changes in their income taxes designed to increase the yield, and some have adopted new forms of excise taxes or have raised the rates on existing excises. This prevalence of other important sources of revenue suggests that it is not likely that property taxes will increase as much as they did after World War I. But the ultimate answer depends largely upon the joint effect of the level of services that State and local governments will be expected to provide in coming years and the general level of both prices and national income.

#### FARM REAL ESTATE VALUES AND TRANSFERS

Farm real estate values for the country as a whole showed further increases during the year ended March 1, 1947 and continued to rise during the 4 months ended July 1, 1947. For the year ended March 1, 1947, average values rose 12 percent as compared with an increase of 13 percent for the year ended March 1, 1946, and increases of 11 and 15 percent, respectively, in the two preceding years. During the succeeding 4 months, the rise was 2 percent, which compares with 4 percent for the corresponding period a year earlier and increases of 3 percent for the same period in each of the three previous years. Because of seasonal factors, changes in values during the March-July period usually are less pronounced than during other periods of the year.

The index of average value per acre of farm real estate (1912-14 = 100) for the United States as a whole was 159 on March 1, 1947 compared with 142 for March 1946. (See table 36 in appendix.) A further rise to 162 was recorded for the 4 months ended July 1, 1947. As of the latter date, average farm land values were 16 percent above those for 1919 and only 5 percent below those for 1920, the peak year following World War I. In 28 States, average values equaled or exceeded those reported in 1920. Measured from 1935-39, average farm land values on March 1, 1947 had increased 92 percent and by July 1, 1947 had increased 95 percent. These values compare with a peak in 1920 that was 70 percent above the 1912-14 average. Values in the 1935-39 period, however, averaged 15 percent below the 1912-14 average.

The largest increase during the year ended March 1, 1947 occurred in the East South Central States, where average values were up 17 percent over a year earlier. In the other geographic divisions, the increases ranged from 9 percent in New England to 15 percent in the South Atlantic division. In the Pacific region, average values rose 11 percent from March to November 1946, but showed no further increase to March 1, 1947. Compared with the 1935-39 average, values had increased 143 percent in the East South Central States and had more than doubled in the South Atlantic, East North Central, Mountain, and Pacific divisions. Average values in each State on March 1, 1947 were substantially higher than those reported a year earlier. In 19 States, increases of 15 percent or more and in 39 States increases of 10 percent or more were reported. For most States, the increases were greatest during the last 4 months of the year.



The first regional declines in land values since they started to rise sharply in 1942 occurred during the 4 months ended July 1, 1947. Farm land values in the South Atlantic and East South Central regions on July 1 averaged 1 percent lower than those reported for last March. In the East North Central and Pacific States, average values were unchanged from March to July. Increases elsewhere, however, were more than enough to offset the decreases. During the 4-month period, average values increased 5 percent or more in 6 States - 3 in each of the West North Central and Mountain regions. Decreases during the same period were reported in 11 States, with the largest decrease (3 percent) occurring in Georgia and Alabama. In 11 States, average values remained unchanged.

The volume of voluntary sales during the 12 months ended March 15, 1947 was the highest of record, exceeding by a small margin the previous peak reached a year earlier. For the United States as a whole, voluntary farm sales and trades were estimated at 57.7 per 1,000 of all farms as compared with 57.4 for 1946, 51.5 for 1945, and 55.9 for 1944. For the calendar year 1919, they were estimated at 48.8 per 1,000 of all farms.

The largest increases in voluntary sales during the year ended last March occurred in the New England States, where approximately one-fourth more farm sales were reported than for the previous year. The largest volume of farm sales during the year was reported for the Pacific States, where about 7 percent of the farms were transferred. In the South Central, West North Central, and Mountain regions, sales were 6 percent of all farms. The most significant decreases in number of sales were reported for the East South Central, South Atlantic, and East North Central States. In these geographic divisions also there was some leveling off in land values during the 4-month period ended July 1, 1947.

Farmers bought about two-thirds of the tracts sold in a selected sample of counties during 1946 and the first quarter of 1947, which is about the same proportion reported for each of the last 4 years. Of the nonfarmer buyers, only about one-fourth were residents of the county or the adjoining county. However, about two-fifths of the nonfarmer buyers indicated an intention to operate the farms they bought as compared with about one-third in both 1945 and 1944. Of the properties transferred during 1946, about five-sixths were sold by individuals, of which about one-half were owner-operators.

In spite of high land values and relatively easy credit conditions, more than one-half of all sales continued to be for cash. In 1946, 56 percent were entirely for cash, and in the first quarter of 1947 the proportion was 58 percent. These compare with 58 percent in 1945 and 55 percent in 1944. The limited data available indicate that these proportions are very much higher than during the World War I land boom.

Downpayments on mortgage-financed transfers during both 1946 and the first quarter of 1947 averaged about 41 percent of the purchase price, which compared with 43 percent in 1945 and 41 percent in 1944. Of the credit-financed sales during 1946, about one-third (one-seventh of all sales) involved mortgages for 75 percent or more of the sales price, and approximately three-fourths (one-third of all sales) resulted in debts equal to 50 percent or more. These ratios have changed little since 1943, even though land values have increased.



RESEARCH PROJECTS IN AGRICULTURAL FINANCE  
Agricultural Credit, Agricultural Insurance, Farm Taxation,  
Local Government, and Public Finance

The following research projects are currently "in progress" in the field of agricultural finance. State projects include those reported directly by the State agricultural colleges and State agricultural experiment stations, as well as those reported to the Federal Office of Experiment Stations. Objectives of each project are briefly described. This list does not include numerous related research activities of other agencies, such as projects of the Farm Credit Administration, Farmers Home Administration (formerly Farm Security Administration), State tax commissions, and other agencies whose research often is directed primarily toward administrative problems. Therefore, the list is not complete. It is hoped, however, that the list will be useful and that in the future it may be possible to prepare a more complete inventory of current research projects in agricultural finance.

AGRICULTURAL CREDIT

**Idaho: PRODUCTIVITY, INCOME CLASSIFICATION, AND VALUE OF LAND IN IDAHO.-**

(1) To seek bases for land appraisal and classification; (2) to gather data, the analysis of which will be of educational value in rationalizing the land market for buyers and sellers of land; (3) to furnish tax assessors and equalizers with a better basis of assessment and equalization; (4) to learn the costs of land in different type-of-farming areas in Idaho in comparison with factors significantly related to the ability to pay for land; and (5) to learn to what extent range rights are capitalized and "sold" as part of the farms and ranches holding such rights. Leader: Norman Nybrotten.

**Illinois: THE EFFECT OF DEBT AND CAPITAL ON LAND USE AND FARM ORGANIZATION.-**

To compile and analyze data for individual farms related to this title. Leader: L. J. Norton.

**Indiana: National Bureau of Economic Research: AGRICULTURAL EQUIPMENT FINANCING STUDY.-**

To trace the development of farm-equipment financing and to determine (1) the economic basis of farm-equipment financing; (2) the amount of farm-equipment financing and the distribution of this credit among the various sources; (3) the credit characteristics, practices, and standards used in this financing; and (4) the operating methods, charges, and loss experience of financial institutions and other agencies furnishing this credit. Leaders: R. J. Saulnier, NEER; E. L. Butz and H. G. Diesslin, Purdue University.

**Iowa: ECONOMIC USE OF FARM-CREDIT RESOURCES.-**

To determine by an examination of present methods of short- and long-term borrowing by farmers, what improvements may be made in farm financing. Leader: W. G. Murray.

**Kansas: AGRICULTURAL CREDIT AND FINANCE.-**

(1) To study the needs, sources, costs, and adequacy of short- and long-term credit to farmers and farm

cooperatives. (2) To develop and maintain a long-time land price series on the basis of type-of-farming areas in Kansas. Data from the census and from the State statistician will be used to develop and maintain these series. (3) To study the cost of farm improvements and the possibility of obtaining credit for completing such improvements, and also the effect of such improvements on normal agricultural value of land in rural areas. (4) To study land values in relation to net farm income per acre for areas in Kansas for which income data are available. Leaders: George Montgomery and Merton L. Otto.

Louisiana: FINANCIAL STATUS AND CREDIT NEEDS OF RECLAMATION DISTRICTS IN THE ALLUVIAL AREAS.- To determine (1) the current financial status of drainage and levee districts; (2) the sources of credit; (3) the methods used in managing and retiring funds; (4) the relation of credit needs to postwar plans for rehabilitation and enlargement of reclamation districts and services. Leader: Robert Harrison.

Maryland: TRENDS IN FARM MORTGAGE FINANCING IN MARYLAND.- To determine (1) trends in size of recorded farm-mortgage debt for the State and for each type-of-farming area; (2) trend in interest rate on farm mortgages; (3) recent changes in sources of farm-mortgage funds; (4) recent changes in length of mortgage term and repayment provision of farm mortgages; and (5) type of loan being repaid as contrasted with new loans being made. Leaders: S. H. DeVault and P. R. Poffenberger.

Nebraska: AGRICULTURAL CREDIT.- To study (1) basis of loans and farm-debt load by areas; (2) changes in economic and weather condition on loans, and financial needs of different types of farm organization; (3) relation of short-time to long-time loans, and conditions under which farm-debt load may be liquidated; and (4) extent and type of adjustment of loans. Leader: Frank Miller.

Pennsylvania: THE FINANCIAL POSITION AND PRACTICES OF PENNSYLVANIA FARMERS.- A statistical and attitude study of the financial side of a farmer's business. The principal points to be covered are: (1) The amount and character of the farm and nonfarm assets; (2) the amount, purpose, and terms of all liabilities; (3) farmers' attitudes toward different credit institutions and their lending practices and policies; (4) the records, planning, and other financial practices of farmers; (5) the amount and kind of life, farm, automobile, and other types of insurance carried. Leader: Leonard F. Miller.

Tennessee: FARMERS FINANCIAL PROBLEMS IN TENNESSEE.- To study the financial needs of farmers in carrying on their business, and possible methods of making and adjusting payments from periodic and erratic farm income. Leader: C. E. Allred.

Vermont: COST OF SHORT-TERM CREDIT.- To study the cost to farmers of short-term credit obtained from various sources. Leader: R. P. Story.

Washington: CAPITAL AND DEBT AS RELATED TO FARMING IN THE WAR AND POSTWAR PERIODS.- To study (1) efficiency in use of credit in relation to the nature and organization of the individual farm unit; (2) means by which farmers accumulate capital and the part played by borrowing; and (3) relation of kind of agency extending the various types of farm credit by cost to the farmer

and the use to which the credit is put. Leaders: B. D. Parrish and O. H. Maughan.

BAE: TYPES OF FINANCIAL ORGANIZATION OF AGRICULTURE IN THE UNITED STATES.- Using mainly secondary data on (1) ownership patterns and other characteristics of the capital structure of agriculture, (2) data on product and asset characteristics of farms, and (3) other related data, this project will attempt to describe major types of financial organization of agriculture from the standpoints of nature and amount of capital required and of the sources from which capital is obtained. The immediate objective is to delineate broad patterns of financial organization of farming and to describe the agricultural and business characteristics of farm firms in each. Leader: D. C. Horton.

BAE: CHARACTERISTICS OF FARM-MORTGAGE CREDIT.- An analysis of characteristics of farm-mortgage credit in relation to type of farm, value of farm, size, frequency of debt, ratio of debt to value, and other observable differences in the business and financial organization of agriculture. Data for the analysis will be taken from the basic data used in the preparation of State and national debt estimates for 1940 and 1945 and from enumerative surveys conducted by BAE during 1945-47. Leaders: H. C. Larsen and H. T. Lingard.

BAE: REVISION OF ANNUAL FARM-MORTGAGE-DEBT ESTIMATES AND OF MORTGAGE HOLDINGS OF PRINCIPAL LENDER GROUPS, 1940-47.- Re-examination and adjustment of published estimates on these topics in the light of (1) bench-mark estimates of farm-mortgage debt for 1945 established through a BAE-Census cooperative project, (2) survey data for 1945 and for subsequent dates on distribution of mortgage loans by lenders, and (3) results of an analysis of biases in mortgage recording and release data as measures of change in outstanding farm mortgages. Estimates of farm-mortgage recordings from different sources will be harmonized to give a series by lenders back to the period before World War I. Leaders: H. C. Larsen, H. T. Lingard, and Sarah L. Yarnall.

BAE: REVISION OF ANNUAL ESTIMATES OF INTEREST RATES AND INTEREST CHARGES ON FARM-MORTGAGE DEBT BY MAJOR LENDER GROUPS AND GEOGRAPHIC REGIONS, 1940-47.- Adjustment of published series on these topics in the light of information developed from (1) BAE-Census cooperative survey for 1945, (2) information furnished by lender groups or developed in special surveys, and (3) data on interest rates carried by mortgages recorded during selected periods. Leaders: H. T. Lingard and Sarah L. Yarnall.

BAE: IMPROVEMENT OF CURRENT ANNUAL ESTIMATES OF FARM-MORTGAGE DEBT.- Development of estimates of farm-mortgage loans held by principal lender groups for current year by States; research to establish a more efficient sample of farm-mortgage recordings and releases by States and to increase the accuracy of the estimates of annual change in mortgage holdings of individuals and miscellaneous lenders. This project is concerned mainly with improvements in the techniques for estimating annual changes in farm-mortgage debt by major lender groups. Leaders: D. C. Horton, H. C. Larsen, and H. T. Lingard.

BAE: FINANCIAL MANAGEMENT OF THE FARM FIRM.- The objective of this project is to identify those problems which are of a financial nature; obtain, analyze,

and distribute facts and information which bear on such problems; and interpret these facts in the light of specific and over-all financial problems of the farm firm. Leader: H. C. Larsen.

BAE: ANNUAL CHANGES IN FINANCIAL STRUCTURE OF AGRICULTURE.- To prepare annual consolidated balance sheets covering all farms in the United States and to analyze these balance sheets in relation to their significance for the farmer and the economy as a whole. Leaders: Norman J. Wall, F. L. Garlock, R. J. Burroughs, H. C. Larsen, H. T. Lingard, R. G. Schmitt, Jr., Lucy R. Hudson, and Sarah L. Yarnall.

BAE: NON-REAL-ESTATE DEBT OF FARMERS.- To maintain a series showing the amount of non-real-estate debt of farmers and to determine the characteristics and terms of credit extended by the major lenders. Leaders: R. J. Burroughs, R. G. Schmitt, Jr., and Lucy R. Hudson.

BAE: NON-REAL-ESTATE AGRICULTURAL CREDIT FACILITIES IN THE UNITED STATES.- To study the major types of non-real-estate credit institutions with particular reference to organization, financial structure, and the nature and effectiveness of operations. Currently, special emphasis is given to data procured by Federal Reserve banks concerning the agricultural loan operations of commercial banks. Leaders: F. L. Garlock, R. J. Burroughs, R. G. Schmitt, Jr., and Lucy R. Hudson.

BAE: ESTIMATES OF UNITED STATES SAVINGS BONDS OWNED BY FARMERS.- To determine for the farm population the amount of United States savings bonds bought during given periods, rates at which bonds are cashed, and the value of bonds owned. Leaders: R. G. Schmitt, Jr., and Lucy R. Hudson.

BAE: (in cooperation with various States) FINANCIAL STATUS OF INDIVIDUAL FARMERS.- To determine through area surveys the distribution of farmers according to their financial status, including net worth, liquid assets, and debts. In addition, the surveys would provide much of the previously unavailable data needed for preparing State balance sheets of agriculture. Leaders: F. L. Garlock, R. J. Burroughs, R. G. Schmitt, Jr., and Lucy R. Hudson.

#### AGRICULTURAL INSURANCE

Maryland: INSURANCE CARRIED BY FARMERS.- To determine (1) the extent to which farmers carry various forms of insurance on themselves, their laborers, their property, and their crops; (2) to ascertain the adequacy of certain types of insurance carried; and (3) to determine the attitude of farmers toward certain phases of the Social Security Program, especially as it pertains to old-age income and rural-health protection and facilities. Leaders: S. H. De Vault, W. P. Walker, and P. R. Poffenberger.

BAE: FARMERS' MUTUAL FIRE INSURANCE.- To study the operating practices and problems of farm mutual companies, as indicated by a recent survey; and, by studying the loss experience of selected companies, to determine an appropriate classification and rating system for insuring farm buildings. (The operating experience of these companies is summarized annually; the loss



experience for sample companies is also used to prepare annual estimates of farm fire losses in the United States.) Leader: Ralph R. Botts.

BAE: LIFE INSURANCE AND ANNUITIES FOR FARMERS.- To study ways in which life insurance and annuities can be adapted to the needs of farmers, with emphasis on programing for mortgage-redemption and family-income purposes; to trace development and ascertain status of cooperative and other burial associations and of group life insurance for members of marketing and purchasing cooperatives. Leader: Ralph R. Botts.

BAE: RISK AND RISK-BEARING IN AGRICULTURE.- To study the unavoidable risks in selected farm enterprises with a view to determining the costs and incidence of such risks, and their influence on farm planning; to determine the adequacy of insurance and other methods of shifting farm risks, and to study ways by which efficient protection may be extended. Leaders: D. C. Horton and E. L. Barber.

BAE: ORGANIZED RURAL FIRE PROTECTION IN THE UNITED STATES.- To trace development and ascertain status of organized farm fire protection in the United States; to analyze and summarize State laws authorizing and facilitating such protection; to ascertain what financial and other arrangements are involved between farmer groups and the cities, towns, or villages which usually provide or cooperate in providing farm fire protection. Leader: John D. Rush.

BAE: HISTORICAL REVIEW OF THE NATURE, SOURCE, AND LIMITATIONS OF HITHERTO DEVELOPED FARM-ACCIDENT DATA.- To assemble, summarize, and make available as complete information as possible on: (1) How sources of farm-accident data have been developed; (2) nature of data these sources have provided; (3) limitations of existing data in quantity as well as exactness or quality; (4) other possible sources from which such data may be supplemented and improved. Leaders: Ralph R. Botts and John D. Rush.

#### FARM TAXATION, LOCAL GOVERNMENT, AND PUBLIC FINANCE

Maryland: IMPROVING FARM-BUILDING ASSESSMENTS FOR TAX PURPOSES.- To determine (1) the methods or techniques used in assessing farm building in Maryland; (2) to ascertain the types and extent of inequalities in farm-building assessments; and (3) to devise standards of assessment technique which may be practicable for assessing farm buildings. Leaders: S. H. DeVault and W. P. Walker.

Maryland: SALES TAXES AND THEIR APPLICATION TO FARMERS.- To obtain (1) data on sales taxes paid by farmers, especially on purchases for farm production; (2) to determine the relative sales-tax burden among different type-of-farming enterprises; and (3) to examine sales-tax laws, and the rules and regulations pertaining thereto, with the objective of equitable application of sales taxation to farmers. Leaders: S. H. DeVault and W. P. Walker.

Maryland: STATUS AND IMPROVEMENT NEEDS OF LOCAL RURAL ROADS.- To ascertain (1) the nature and extent of local rural road improvements which are desirable and feasible; (2) to determine the extent of such improvements that can be made without excessive tax burdens; (3) to study methods of financing such



improvements; and (4) to determine the condition of farm lanes in relation to public highways serving farms. Leaders: S. H. DeVault and W. P. Walker.

Montana: LAND RECLASSIFICATION EXPERIENCE IN MONTANA.- (1) To study procedures used in attempting to reclassify agricultural land for assessment purposes; and (2) to survey the results of reclassification on mill levies, assessments, tax delinquency, and tax collections. Leader: Harold G. Halcrow.

Montana: TRENDS IN COUNTY FINANCES.- (1) To study postwar trends in Montana county finances; and (2) to indicate probable problems of local governments and their impact on farm taxes. Leader: Harold G. Halcrow.

New York: A STUDY OF ORGANIZATION, ADMINISTRATION, AND FINANCE OF LOCAL GOVERNMENT UNITS IN RURAL NEW YORK.- It is proposed by means of this study to obtain current information and to bring up to date older studies concerning organization, administration, and finance of local government in rural New York. It is intended by personal interview with local officials and by studying their accounts, records, and reports to obtain data concerning receipts and expenditures of local governments and administrative practices and procedures. The purpose of the project is to obtain information from basic sources concerning the more important problems of organization, administration, and finance of local governments. Leader: E. A. Lutz.

New York: PREPARATION OF A MANUAL FOR RURAL ASSESSORS' IN NEW YORK STATE.- This project is being undertaken at the request of interested officials in the New York State Department of Taxation and Finance. It involves study and analyses of State laws governing assessments and of court decisions and rules interpreting the laws; of assessment practices as they are actually carried on by assessors; a study of real estate taxation and its importance relative to other State and local taxation; possible rules and standards that may be established in valuing real estate subject to taxation. Leader: E. A. Lutz and W. M. Simmons.

Oklahoma: ALTERNATIVE SYSTEMS OF LAND TAXATION.- To evaluate tax programs as to fiscal adequacy, economic equity, and wise land use. Leader: R. T. Klemme.

Texas: CAUSES OF AD VALOREM TAX DELINQUENCY IN TEXAS.- To determine the basic causes of ad valorem tax delinquency in Texas with a view to suggesting remedial measures. Leaders: L. P. Gabbard and R. G. Cherry.

Texas: FACTORS AFFECTING THE COLLECTION AND EXPENDITURE OF TAXATION REVENUES IN TEXAS.- To determine the extent to which farm taxes in Texas may be reduced and governmental services improved. Leaders: L. P. Gabbard and R. G. Cherry.

Vermont: RECENT CHANGES IN TOWN GOVERNMENT COST.- To examine the changes in local government expenditures brought about by the war and to study differences between costs in different towns and the factors causing them. Leader: S. W. Williams. (In manuscript.)

Vermont: A STUDY OF VERMONT TOWN REPORTS.- To analyze the content of Vermont town reports, to appraise the effectiveness of presentation of the material in them, and to suggest improvements. Leader: S. W. Williams.

- West Virginia: **FOREST TAXATION IN WEST VIRGINIA.**- To determine the more pressing problems in regard to taxation of forest properties throughout the State and their relation to the general taxation problem, and to gather sufficient information to enable the framing of sound and equitable forest-taxation legislation which will encourage the practice of forestry on private land throughout West Virginia. Leaders: L. Beasley and J. B. Byers.
- Wisconsin: **WISCONSIN RURAL GOVERNMENT: ORGANIZATION AND PROBLEMS.**- Review of the organization and interrelations of governmental units in rural Wisconsin and a brief statement and consideration of some of the current problems associated with the system of rural government. Leader: Fred A. Clarenbach.
- Wisconsin: **PROPERTY TAX RATES IN RURAL WISCONSIN.**- A study of the geographical pattern of property tax rates in rural Wisconsin, including an analysis of the factors determining property tax levels in selected jurisdictions; a testing of the hypothesis that present formulas distributing State aid and shared taxes frequently operate to inhibit the "rationalization" of local government areas; and a consideration of possible alternative ways of relating State aids and shared taxes to local needs and to local fiscal (property-tax) capacity. Leader: Fred A. Clarenbach.
- Wyoming: **WYOMING'S LAND UTILIZATION AND TAXATION PROBLEMS AS RELATED TO THE AGRICULTURAL DEVELOPMENT OF THE STATE.**- To study (1) rate, amount, and distribution of tax load over a period of years; (2) increase in general property tax; (3) increase in total taxes; (4) per capita increase of general property and total taxes; (5) relation of State income from different industries to taxes paid by each; (6) amount of tax-free property in each county; (7) to determine fair value for different classes of lands; (8) influence of tax load on landownership and obligation; (9) percentage of agricultural income spent for general property and Federal income taxes. Leader: A. F. Vass.
- BAE: **THE TAX LOAD OF AGRICULTURE.**- To prepare annual estimates of the amounts of the major taxes levied against farms or farmers for the United States and, so far as possible, for individual States or regions. Also to analyze the economic significance of such taxes to farmers and the farm enterprise with a view to evaluating the "real" burden of the tax load upon agriculture and rural resources. Leaders: Gerhard J. Isaac, Tyler F. Haygood, and Samuel L. Crockett.
- BAE: **INCOME TAXATION AND THE FARMER.**- To analyze the economic effect upon agriculture of taxes on income; to study the administrative and compliance aspects of existing and proposed income-tax provisions; to devise methods of facilitating administration and compliance. Leader: Gerhard J. Isaac.
- BAE: **HOMESTEAD TAX PREFERENCE.**- To analyze the effect of homestead tax preference measures on farm-ownership patterns and on the relative tax burdens of various segments of the economy. Leaders: Gerhard J. Isaac and Samuel L. Crockett.
- BAE: **TAXATION AND FISCAL POLICY IN RELATION TO AGRICULTURE.**- Examination of present and potential Federal taxation and fiscal policies with particular reference to their effects upon agriculture. Leader: Tyler F. Haygood.

BOOK REVIEWS

Wilcox, Walter W., The Farmer in the Second World War. The Iowa State College Press, 410 pp. 1947.

Descriptions in this book of the wartime achievements of the farmers of this country under the guidance of the Government provide instructive reading with respect to national budgeting or central planning of economic activities. The foreword is by Oscar C. Stine, of the Bureau of Agricultural Economics, under whose direction much of the historical data used in the book was collected.

Amassing a wealth of detail on many phases of agriculture - technical progress, economic problems, governmental policies, administrative errors and accomplishments, cross-purposes of pressure groups, family living standards, etc. - Professor Wilcox, of the University of Wisconsin, has presented a readable analytical history of wartime agricultural policy and an interesting review of the personalities and group conflicts that were involved in developing such policy. Some persons may disagree with the value judgments of the author and others may believe that important facts are omitted. Nonetheless, the book has prospects of serving as a standard reference for a long time. A digest of some of the important contents of the book follows.

A short opening chapter indicates the influence of war on agriculture. Not only do great technical and economic changes take place during war, but a large and insoluble residue of problems beset agriculture for many years after each war. The difficulties following the Civil War and World War I are past history. The difficulties arising from World War II lie ahead.

At the beginning of the Second World War, according to the author, agriculture had yet to recover from the imbalance that followed the first world-wide conflict. Low prices, large carry-overs, excess farm population, ruined soil, insecure tenure, and substandard living conditions were characteristic problems. To meet these problems, the Government carried on research, education, credit programs, soil conservation activities, commodity price supports, distribution of surpluses through "stamp plans," and other programs.

Neither the Government nor farmers were oriented toward war. Nevertheless, "There are many individual instances where the Department of Agriculture took action to increase the production of an important product long before the market reflected the need for increased production." (See p. 38.) New powerful weapons for wartime needs were forged as we approached the unanticipated Pearl Harbor debacle. Annual production goals tied to a related group of support prices were devices originated during the defense period. Private interests were gradually curbed and were channeled in the direction of public necessity.

Professor Wilcox indicates that farmers responded to war demands and rising prices by shifting production into needed crops and, despite losses of farm population and labor, total output was greatly augmented. The adoption

of improved technology and the occurrence of favorable weather combined to permit an enlarged output of food and fiber.

Subjects that occupy the central part of the book include marketing procedures adopted during the war; manpower problems; land use; conflicts of pressure groups concerning price, production, and marketing policies; and details of governmental programs with respect to each principal group of agricultural commodities.

Of considerable interest is the chapter Appraisal of Price Policies, in which the conclusions, at least partly controversial, are drawn that, "... price policies, in an over-all sense, during the war period were intelligent and successful. In spite of important concessions to meet political pressure, they implemented our wartime goals. In specific cases, the Government yielded to pressure groups or mistakenly granted subsidies or price increases to obtain production responses with little demonstrable effects on production.

"Probably the policies which resulted in the most serious adverse developments were: (1) Continued favorable livestock feeding ratios when reserves of cereals should have been accumulated for direct human consumption in famine areas and (2) failure to remove food subsidies and allow price rises in February 1946, when wage rates were allowed to rise. This latter decision to continue subsidies on foods rather than permit price rises was made at the insistence of Chester Bowles and the President's advisers on economic stabilization, in spite of vigorous opposition by Secretary of Agriculture Anderson and his staff. In retrospect, this appears to have been a major political error which contributed substantially to the political opposition to the continuation of effective price control beyond June 30, 1946." (See p. 263). The author does not say whether any error of economic analysis was involved.

Professor Wilcox calls attention to the fact that the food distribution programs of the Government were always under attack despite the fact that civilians increased their average level of food consumption during the war. Price control and rationing systems for a nation of 130,000,000 people could not be established instantaneously. The system of point rationing required much initial testing, and then required monthly review to keep consumption in some reasonable relation to available goods. Maldistribution of certain products became serious before rationing was working. Then the Combined Food Board of the United States, United Kingdom, and Canada had to plan for the allies and neutrals. The army often overreached what civilian agencies regarded as legitimate demands.

Fear of surpluses of agricultural commodities dictated many decisions, toward the end of the war. The extent of the postwar disorganization and world food shortage was grossly underestimated, Professor Wilcox declares. Conflicts between those seeking relief supplies for a potentially starving world and those fearing a glut of farm commodities were keen. Professor Wilcox freely identifies the persons involved in these conflicts of purpose and opinion. "Unfortunately," he says, "the world became aroused too late to prevent much suffering which might have been prevented in the late spring months of 1946." (See p. 284.)



Half the caloric value of the world's food supply was produced in Asia before the war. Europe and North Africa ranked second, and North America was third. War upset this pattern. By 1945, the world was producing less food than before the war. Yet population had gained, so that the food supply per capita was 12 percent smaller. The reduction would have been more severe except for a 40-percent increase in the British Isles and a 30 percent increase in North America. South America also produced 25 percent more in 1943 than before the war, but bad weather cut the 1945 crop almost back to the levels of 1935-39.

Effort of the newly organized Food and Agriculture Organization to center world attention on the need for improved nutrition is a distinctly new and favorable postwar development. Professor Wilcox observes, "The possibilities of international action to reduce price fluctuations, solve market-surplus problems and at the same time obtain a more effective utilization of the world's food-producing resources appear favorable in view of the early work of FAO and other international activities." (See p. 333.)

Burdens imposed on administrative officials of the Department of Agriculture who seek to carry out efficiently certain difficult Congressional assignments in the face of resistance by conflicting pressure groups are clearly stated. Most of the farmer organizations, however, are said to be on the defensive now, and seeking to retain present gains rather than trying for further change.

Looking toward the future, the author concludes, "... farmers . . . are willing to run the risk of considerable Government restrictions in order to make sure that disastrous price declines of 1920-21 and 1931-32 are not repeated." (See p. 404.)

Roy J. Burroughs

Murray, William G., Agricultural Finance, Iowa State College Press, 2d Ed. Rev., 1947.

Agricultural Finance, in its second edition revised, is a strictly current textbook. The text includes events as late as June 30, 1947, when the Federal Farm Mortgage Corporation lost its right to make additional loans. Recent developments seem to have been well integrated with the whole of the text, not just inserted. New powers of the Federal land banks to make loans up to 65 percent of normal value and the establishment of the Farmers Home Administration are given as reasons for the revision of the text. "The difference between this edition and the first is limited chiefly to new legislation, recent farm finance statistics, and an evaluation of farm credit changes during the past six years."

As before, the book has two parts: "Principles of Farm Credit" and "Analysis of Lending Agencies." Part I acquaints the student with criteria and procedures for the use and extension of farm credit; Part II describes and to some extent evaluates the institutional sources of farm credit.

Roy J. Burroughs



STATISTICAL APPENDIX

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Table 1.- Farm-mortgage debt: Total outstanding and amounts held by principal lender groups, United States, 1910, 1920, 1930, 1935-47 <sup>1/</sup>

Beginning of year or month	Total farm- mortgage debt	Amounts held by principal lender groups							
		Federal land banks 2/	Federal Farm Mortgage Corporation 2/ 3/	Joint-stock land banks 2/ 4/	Farmers Home Admin- istration 5/	Life insur- ance com- panies 2/ 6/	Insured commercial banks 7/	Three State credit agencies 2/ 8/	Individuals and others
	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.
1910 . . . . .	3,207,863								2,414,654
1920 . . . . .	8,448,772	9/ 293,595		60,038		386,961	406,248		5,915,930
1930 . . . . .	9,630,768	1,201,732		637,789		974,826	1,204,383	10/	4,578,980
1935 . . . . .	7,584,459	1,947,442		277,020		2,118,439	997,468	96,360	2,876,760
1936 . . . . .	7,422,701	2,113,502	616,737	9/ 200,617		1,301,562	498,842	66,096	2,660,936
1937 . . . . .	7,153,963	2,147,768	794,147	2/ 162,786		1,112,289	487,505	53,705	2,459,040
1938 . . . . .	6,954,884	2,126,610	841,251	2/ 133,554		1,015,615	487,534	39,969	2,341,585
1939 . . . . .	6,779,318	2,068,478	824,151	114,992	3,615	988,557	501,450	35,362	2,252,164
1940 . . . . .	6,586,399	2,009,820	774,377	91,726	15,220	982,939	519,276	31,872	2,184,243
1941 . . . . .	6,491,435	2,007,184	713,290	73,455	38,566	984,290	534,170	30,294	2,113,350
1942 . . . . .	6,372,277	1,880,784	665,149	73,455	73,093	1,016,479	543,408	29,317	2,049,801
1943 . . . . .	5,950,975	1,718,240	634,885	55,919	122,104	1,063,166	535,212	30,406	1,939,735
1944 . . . . .	5,389,080	1,718,240	543,895	37,015	163,681	1,042,939	476,676	28,794	1,860,573
1945 . . . . .	4,932,942	1,452,886	429,751	2/ 10,087	176,607	986,661	448,433	24,082	1,788,358
1946:		2/ 1,209,676	2/ 347,307	5,455	178,969	933,723	449,582	19,872	
January . . . . .	4,681,720	2/ 1,078,952	2/ 239,365	3,208	184,035	884,312	507,298	13,626	1,770,924
April . . . . .	-	2/ 1,061,191	2/ 203,567	2,195	179,660	-	-	-	-
July . . . . .	-	2/ 1,049,882	2/ 182,818	1,520	184,434	876,000	617,794	-	-
October . . . . .	-	1,016,687	164,969	1,493	188,214	-	-	-	-
1947:									
January . . . . .	4,777,355	976,748	146,621	1,641	190,128	890,161	683,229	10/	1,888,827
April . . . . .	-	947,505	134,831	1,190	190,107	-	-	-	-
July . . . . .	-	935,674	128,163	1,166	197,296	884,000	765,146	-	-

<sup>1/</sup> Excludes Territories and possessions.

<sup>2/</sup> 1930-47, includes regular mortgages, purchase-money mortgages, and sales contracts; prior to 1930, regular mortgages only.

<sup>3/</sup> Loans held by the Federal Farm Mortgage Corporation are made on its behalf by the Land Bank Commissioner.

<sup>4/</sup> Joint-stock land banks have been in liquidation since May 12, 1933. Includes banks in receivership.

<sup>5/</sup> Successor to Farm Security Administration. Data for 1938-40 include only loans for tenant-purchase and construction of farmstead improvements. Thereafter data include farm-development (special real estate) loans beginning 1941; farm-enlargement loans beginning 1944; flood and windstorm real estate restoration loans from 1944 to 1946; and project-liquidation loans beginning 1946. Data also include similar loans from State Rural Rehabilitation Corporation trust funds.

<sup>6/</sup> Estimates based upon direct reports from life insurance companies, official reports submitted to State insurance commissioners, "Best's Life Insurance Reports," and monthly data received from the Life Insurance Association of America and the Institute of Life Insurance.

<sup>7/</sup> 1935-47, insured commercial banks; prior to 1935, all open State and national banks.

<sup>8/</sup> Department of Rural Credit of Minnesota, Bank of North Dakota, and Rural Credit Board of South Dakota. Rural Credit Board completed liquidation during 1945.

<sup>9/</sup> Revised.

<sup>10/</sup> Included with "others."

Table 2.- Farm-mortgage debt: Total amount outstanding, by States, January 1, 1940-47 1/

State and division	1940	1941	1942	1943	1944	1945	1946	1947
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine .....	24,757	24,003	22,566	20,507	17,972	16,713	16,431	17,681
New Hampshire .....	11,220	11,318	11,117	10,501	9,932	9,706	9,584	9,822
Vermont .....	27,814	27,051	25,412	23,813	22,327	21,975	22,814	25,768
Massachusetts .....	45,445	46,091	44,513	42,329	39,524	36,778	32,950	30,361
Rhode Island .....	4,121	3,962	3,918	3,749	3,529	3,583	3,569	3,544
Connecticut .....	36,742	35,082	33,576	30,948	28,650	26,105	23,899	22,906
New England .....	150,499	147,507	141,102	131,847	121,934	114,860	109,247	110,082
New York .....	191,786	185,605	179,855	172,520	158,584	147,200	144,002	151,922
New Jersey .....	48,791	48,637	48,475	46,215	41,632	39,235	37,955	40,619
Pennsylvania .....	133,578	128,587	126,601	120,618	114,238	107,358	102,844	115,434
Middle Atlantic .....	372,155	362,829	354,931	339,353	314,454	293,793	284,801	307,975
Ohio .....	239,059	233,312	226,070	206,010	184,843	167,463	160,916	162,263
Indiana .....	236,266	237,168	233,335	214,775	191,603	176,468	168,391	169,400
Illinois .....	418,979	410,999	399,503	361,585	309,466	269,947	248,260	230,713
Michigan .....	174,308	175,879	175,437	166,059	152,552	144,988	144,940	155,705
Wisconsin .....	356,936	350,860	336,216	316,617	284,944	262,072	244,152	243,546
East North Central ...	1,425,539	1,408,218	1,370,561	1,265,046	1,123,408	1,020,938	966,659	961,627
Minnesota .....	375,990	375,808	374,627	351,929	324,655	304,641	273,364	257,698
Iowa .....	705,589	690,573	686,500	657,128	593,153	525,939	478,470	437,801
Missouri .....	229,377	231,983	234,767	219,933	209,281	197,529	193,533	198,389
North Dakota .....	141,230	134,690	131,433	127,484	110,390	91,461	80,778	76,146
South Dakota .....	127,706	120,720	119,459	115,309	107,451	98,788	87,222	83,109
Nebraska .....	309,826	289,943	280,965	262,329	231,652	204,174	175,923	160,983
Kansas .....	284,248	276,997	262,765	234,311	200,365	171,535	151,216	148,150
West North Central ...	2,173,966	2,120,714	2,090,516	1,968,423	1,776,947	1,594,067	1,440,506	1,362,276
Delaware .....	7,957	7,868	7,882	7,211	6,436	6,498	6,174	7,287
Maryland 2/ .....	46,675	45,386	45,253	43,655	41,819	40,627	39,975	43,883
Virginia .....	72,299	72,084	71,364	67,142	64,743	61,765	64,685	72,256
West Virginia .....	21,969	22,176	21,843	20,870	19,270	18,658	17,870	20,229
North Carolina .....	90,071	93,840	96,314	88,394	80,192	73,917	76,810	87,836
South Carolina .....	45,948	45,383	47,671	42,611	39,843	37,590	37,868	40,542
Georgia .....	82,037	82,817	85,736	81,264	74,249	66,344	69,538	78,919
Florida .....	38,101	38,955	36,338	36,681	35,893	30,313	31,363	40,615
South Atlantic .....	405,057	408,509	412,401	387,828	362,445	335,712	344,283	391,567
Kentucky .....	109,253	109,993	107,768	98,970	89,016	81,579	79,125	82,650
Tennessee .....	92,614	92,577	87,888	79,381	71,818	65,433	65,830	70,121
Alabama .....	81,859	84,280	86,150	81,838	74,460	66,564	66,306	70,255
Mississippi .....	100,368	102,366	101,625	95,288	88,308	83,744	88,716	99,342
East South Central ...	384,094	389,216	383,431	355,477	323,602	297,320	299,977	322,368
Arkansas .....	72,513	73,862	74,655	71,707	67,654	63,695	66,536	72,477
Louisiana .....	55,098	55,968	56,670	53,583	50,356	48,070	51,693	55,826
Oklahoma .....	153,679	152,996	152,230	141,875	129,839	116,780	107,829	111,400
Texas .....	411,746	426,861	423,745	394,233	355,482	323,358	292,078	304,686
West South Central ...	713,036	709,687	707,300	661,398	603,331	551,903	518,136	544,389
Montana .....	66,118	65,543	61,068	53,233	46,187	41,684	39,904	40,912
Idaho .....	78,763	79,732	79,377	73,767	65,521	58,494	54,768	56,522
Wyoming .....	34,009	34,014	32,519	29,416	26,223	24,951	24,025	25,414
Colorado .....	75,005	74,449	73,303	66,680	60,136	58,064	59,144	66,738
New Mexico .....	27,449	25,938	24,828	23,872	23,727	24,924	25,092	29,477
Arizona .....	28,933	28,002	27,371	25,424	23,005	22,334	22,541	27,117
Utah .....	36,650	36,600	35,769	33,011	27,570	25,720	25,592	27,805
Nevada .....	10,213	9,530	9,538	8,027	6,645	6,120	6,477	7,523
Mountain .....	357,190	353,808	343,773	313,430	279,014	262,291	257,843	281,508
Washington .....	106,857	104,305	100,114	91,411	81,339	73,995	73,527	74,093
Oregon .....	90,421	88,556	86,732	81,115	74,448	69,218	68,779	78,862
California .....	407,585	398,086	381,416	355,647	328,158	318,845	317,962	342,608
Pacific .....	604,863	590,947	568,262	528,173	483,945	462,058	460,268	495,563
UNITED STATES .....	6,586,399	6,491,435	6,372,277	5,950,975	5,389,080	4,932,942	4,681,720	4,777,355

1/ Data for years 1941-47 are revisions of those published previously.

2/ Includes District of Columbia.

Table 3.- Farm-mortgage debt: Total outstanding and amounts held by principal lender groups, by States, January 1, 1947

State and division	Total debt	Amounts held by principal lender groups				
		Federal land banks 1/	Federal Farm Mortgage Corporation 2/	Farmers Home Administration 2/	Life insurance companies 1/	Others 3/
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine . . . . .	17,681	3,241	1,138	463	0	12,839
New Hampshire . . . . .	9,822	1,418	391	106	0	7,907
Vermont . . . . .	25,768	4,410	704	439	5	20,210
Massachusetts . . . . .	30,361	6,277	1,794	295	258	21,737
Rhode Island . . . . .	3,544	1,019	251	4	1	2,269
Connecticut . . . . .	22,906	5,152	1,308	142	87	16,217
New England . . . . .	110,082	21,517	5,586	1,449	351	81,179
New York . . . . .	151,922	27,446	4,997	2,418	750	116,311
New Jersey . . . . .	40,619	8,341	2,406	922	1,567	27,383
Pennsylvania . . . . .	115,444	11,777	2,014	3,129	2,569	95,945
Middle Atlantic . . . . .	307,975	47,564	9,417	6,469	4,886	239,639
Ohio . . . . .	162,263	18,713	2,375	3,869	19,317	117,989
Indiana . . . . .	169,400	24,995	2,736	3,768	44,789	93,112
Illinois . . . . .	230,713	61,954	3,994	4,442	84,565	75,758
Michigan . . . . .	155,705	22,104	3,941	3,127	2,306	124,227
Wisconsin . . . . .	241,546	36,986	8,413	4,004	8,348	185,795
East North Central . . . . .	961,627	164,752	21,459	19,210	159,325	596,881
Minnesota . . . . .	257,698	60,797	7,857	6,806	73,982	108,256
Iowa . . . . .	437,801	100,583	4,436	4,724	210,769	117,289
Missouri . . . . .	198,389	22,955	4,220	7,350	62,751	101,113
North Dakota . . . . .	76,146	23,091	6,280	2,428	12,276	32,071
South Dakota . . . . .	83,109	32,173	3,412	2,598	40,112	4,814
Nebraska . . . . .	160,983	59,506	6,160	3,427	50,754	41,136
Kansas . . . . .	148,150	36,352	5,559	4,193	33,825	68,221
West North Central . . . . .	1,362,276	335,857	37,924	31,526	484,469	472,900
Delaware . . . . .	7,287	464	109	280	31	6,403
Maryland 4/ . . . . .	43,883	4,105	819	1,291	1,483	36,185
Virginia . . . . .	72,256	10,319	1,417	2,852	6,691	50,977
West Virginia . . . . .	20,229	4,145	638	1,610	393	13,443
North Carolina . . . . .	87,836	11,487	3,444	7,382	5,366	60,157
South Carolina . . . . .	40,542	4,632	3,265	7,055	1,058	20,532
Georgia . . . . .	78,919	13,700	5,167	11,871	5,830	42,351
Florida . . . . .	40,615	6,423	2,349	1,425	2,799	27,719
South Atlantic . . . . .	331,567	59,175	17,208	33,766	23,651	257,767
Kentucky . . . . .	82,650	11,149	2,013	4,120	15,395	49,973
Tennessee . . . . .	70,121	10,451	2,049	5,741	7,389	44,491
Alabama . . . . .	70,255	16,294	2,566	9,912	1,600	39,883
Mississippi . . . . .	29,342	18,217	2,488	15,101	20,396	42,540
East South Central . . . . .	322,368	56,111	9,116	34,874	46,380	176,887
Arkansas . . . . .	72,477	10,376	1,892	10,508	17,044	32,657
Louisiana . . . . .	55,826	12,176	1,560	7,154	7,245	27,691
Oklahoma . . . . .	111,400	18,970	3,616	9,778	17,405	61,631
Texas . . . . .	304,686	108,178	12,006	21,206	66,835	96,461
West South Central . . . . .	504,389	149,700	19,074	48,646	108,529	218,440
Montana . . . . .	40,912	11,512	2,684	2,954	2,445	21,317
Idaho . . . . .	56,522	12,884	2,402	1,279	5,658	34,299
Wyoming . . . . .	25,414	7,901	1,206	914	2,438	12,955
Colorado . . . . .	66,738	15,355	2,733	2,072	7,532	39,046
New Mexico . . . . .	29,477	5,685	948	1,112	4,788	16,944
Arizona . . . . .	27,117	5,833	656	287	4,260	16,081
Utah . . . . .	27,805	7,141	1,134	905	117	18,508
Nevada . . . . .	7,523	1,592	147	102	388	5,294
Mountain . . . . .	281,508	67,903	11,910	9,625	27,626	164,444
Washington . . . . .	74,093	12,850	1,880	1,267	7,993	50,103
Oregon . . . . .	78,862	12,745	2,271	1,523	6,248	56,075
California . . . . .	342,608	48,974	10,776	1,773	21,703	259,182
Pacific . . . . .	495,563	74,569	14,927	4,563	35,944	365,560
UNITED STATES . . . . .	4,777,355	976,748	146,621	190,128	890,161	2,573,697

1/ Includes regular mortgages, purchase-money mortgages, and sales contracts.

2/ Successor to Farm Security Administration. Includes tenant-purchase, farm-enlargement, farm-development, and project-liquidation loans; construction loans to individuals; and loans made from State Rural Rehabilitation Corporation trust funds.

3/ Includes loans held by joint-stock land banks, commercial and savings banks, individuals, and miscellaneous lenders.

4/ Includes District of Columbia.

Table 4.- Farm-mortgage loans held by insured commercial banks, by States, January 1 and July 1, 1940, 1945-47 1/

State and division	1940		1945		1946		1947	
	January 1	July 1	January 1	July 1	January 1	July 1	January 1	July 1
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine . . . . .	1,766	1,698	1,411	1,493	1,575	2,141	2,736	2,942
New Hampshire . . . . .	598	627	605	614	755	1,006	1,131	1,153
Vermont . . . . .	7,748	8,161	6,608	7,197	7,470	8,679	9,545	9,837
Massachusetts . . . . .	1,322	1,301	952	987	1,030	1,098	1,321	1,596
Rhode Island . . . . .	233	241	309	394	475	610	669	756
Connecticut . . . . .	1,352	1,170	1,280	1,190	1,256	1,432	1,683	1,776
New England . . . . .	13,019	13,398	11,165	11,875	12,561	14,266	17,185	18,060
New York . . . . .	15,853	15,210	12,738	12,697	14,590	18,088	23,904	27,075
New Jersey . . . . .	4,366	4,501	4,160	3,902	3,830	4,467	5,323	5,026
Pennsylvania . . . . .	25,388	26,098	20,713	21,322	21,503	26,277	30,312	35,013
Middle Atlantic . . . . .	45,537	45,809	37,131	37,991	39,223	48,832	60,139	67,114
Ohio . . . . .	39,921	40,602	37,413	40,078	43,032	50,553	55,098	60,935
Indiana . . . . .	21,704	22,394	24,846	27,609	27,974	32,799	36,017	39,555
Illinois . . . . .	23,814	23,925	20,381	21,883	21,582	26,043	26,117	28,610
Michigan . . . . .	14,452	15,277	15,678	17,426	19,435	25,092	28,261	31,625
Wisconsin . . . . .	23,581	24,643	25,110	26,260	26,260	31,392	34,118	38,541
East North Central . . . . .	123,472	126,841	121,428	133,256	138,851	165,879	179,611	199,366
Minnesota . . . . .	19,226	19,852	18,215	18,847	19,429	22,111	24,027	26,381
Iowa . . . . .	44,266	46,080	38,844	41,018	39,420	44,569	44,828	44,141
Missouri . . . . .	19,011	19,621	22,235	23,113	24,184	29,481	31,996	34,205
North Dakota . . . . .	1,388	1,285	727	970	1,399	1,563	1,320	1,320
South Dakota . . . . .	1,939	2,078	2,187	2,432	2,286	2,717	2,776	3,183
Nebraska . . . . .	7,511	7,741	5,558	5,892	5,774	7,401	7,326	8,531
Kansas . . . . .	10,571	10,786	8,287	9,168	9,613	12,347	12,909	14,373
West North Central . . . . .	103,906	107,443	96,033	101,440	101,676	120,025	122,425	133,134
Delaware . . . . .	3,312	3,414	2,930	2,770	2,873	3,254	3,882	4,631
Maryland . . . . .	9,903	9,977	8,588	8,755	8,887	10,542	12,411	13,928
District of Columbia . . . . .	94	101	58	44	33	51	55	70
Virginia . . . . .	16,619	16,639	13,393	13,404	14,062	17,289	19,500	23,537
West Virginia . . . . .	5,441	5,651	4,544	4,584	4,700	5,931	7,256	8,638
North Carolina . . . . .	8,481	8,983	9,854	10,633	11,186	15,381	15,046	18,100
South Carolina . . . . .	1,689	1,682	1,689	2,056	1,988	2,877	3,083	3,892
Georgia . . . . .	6,808	7,306	6,452	7,997	8,752	12,872	14,918	16,114
Florida . . . . .	2,864	2,783	2,763	2,798	3,278	4,486	5,555	5,442
South Atlantic . . . . .	55,211	58,536	50,368	53,041	55,759	72,743	81,706	94,352
Kentucky . . . . .	22,535	23,680	20,167	20,982	22,837	27,746	31,772	34,395
Tennessee . . . . .	11,824	12,447	12,611	13,797	15,875	19,299	22,220	24,742
Alabama . . . . .	4,822	5,301	4,439	4,944	5,779	7,630	9,491	11,286
Mississippi . . . . .	8,159	8,477	5,551	6,155	6,853	9,534	10,945	12,794
East South Central . . . . .	47,340	49,905	42,768	46,078	51,354	64,209	74,428	83,217
Arkansas . . . . .	3,503	3,655	3,406	4,313	5,150	7,561	8,410	9,546
Louisiana . . . . .	6,069	6,427	4,399	4,840	5,019	6,224	7,510	9,397
Oklahoma . . . . .	4,224	4,321	4,433	5,177	6,464	7,780	8,561	9,252
Texas . . . . .	11,322	11,240	11,651	13,273	17,087	20,903	24,428	26,634
West South Central . . . . .	25,118	25,643	23,889	27,603	33,720	42,468	48,909	54,829
Montana . . . . .	949	1,046	899	1,046	980	1,530	1,799	2,276
Idaho . . . . .	1,144	1,315	1,082	1,542	1,648	2,252	2,693	3,357
Wyoming . . . . .	904	991	926	1,199	1,152	1,846	1,968	2,396
Colorado . . . . .	2,274	2,551	1,964	2,639	3,232	4,221	4,589	5,186
New Mexico . . . . .	484	543	728	898	927	1,592	1,827	2,029
Arizona . . . . .	1,046	870	456	1,091	1,316	1,897	2,143	2,093
Utah . . . . .	2,822	3,020	3,139	3,609	3,926	5,211	5,806	6,998
Nevada . . . . .	387	350	465	490	792	730	1,011	1,198
Mountain . . . . .	10,010	10,716	2,552	12,514	13,993	19,273	21,836	25,533
Washington . . . . .	4,762	4,780	5,686	6,926	7,570	10,081	11,344	13,387
Oregon . . . . .	2,224	2,061	1,448	1,823	2,508	4,085	5,622	7,040
California . . . . .	103,471	100,340	48,007	50,274	49,383	55,227	60,224	69,114
Pacific . . . . .	110,457	107,181	55,141	59,723	59,461	69,393	76,940	89,541
UNITED STATES . . . . .	534,170	543,472	449,582	483,521	507,298	617,794	683,229	765,146
Possessions 2/ . . . . .	103	114	32	31	44	54	55	63

1/ Loans are classified according to location of bank and therefore are not strictly comparable by States with data for other lenders, which are classified according to location of security or borrower. Data from 1935 to 1944 available in earlier issues of the Agricultural Finance Review.

2/ Alaska, Hawaii, and Virgin Islands.

Federal Deposit Insurance Corporation.





Table 5.- Farmers Home Administration farm-ownership loan program: Number of borrowers, acreage, cost of properties, loans refinanced, and amount of loans approved, by States, cumulative from organization to July 1, 1947<sup>1/</sup>

State and division	Borrowers	Acreage	Cost of properties			Cost borne by borrowers	Loans refinanced <sup>2/</sup>	Farm-ownership loans approved
			Original purchase price <sup>3/</sup>	Cost of added improvements	Total cost			
	Number	Acres	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Maine . . . . .	113	17,518	623,056	141,033	764,089	7,221	0	756,868
New Hampshire . . . . .	22	3,562	111,022	33,136	144,158	45	0	144,113
Vermont . . . . .	103	18,608	542,310	112,002	654,312	131	4,400	658,561
Massachusetts . . . . .	63	5,351	403,873	99,380	503,253	2,415	0	500,838
Rhode Island . . . . .	3	175	17,773	3,424	21,197	0	0	21,197
Connecticut . . . . .	30	3,126	219,402	58,796	278,198	2,010	12,500	288,688
New England . . . . .	334	48,940	1,917,436	447,771	2,365,207	11,822	16,900	2,370,285
New York . . . . .	568	80,153	2,980,535	679,611	3,660,146	3,281	1,650	3,658,515
New Jersey . . . . .	163	12,208	1,212,995	251,438	1,464,433	3,750	6,000	1,466,683
Pennsylvania . . . . .	778	93,358	3,823,787	895,258	4,719,045	10,560	0	4,708,785
Middle Atlantic . . . . .	1,509	185,719	8,017,317	1,826,607	9,843,924	17,521	7,650	9,833,983
Ohio . . . . .	796	87,114	5,403,812	1,132,437	6,536,249	24,890	20,575	6,531,934
Indiana . . . . .	661	73,796	5,171,978	920,359	6,092,337	20,509	12,195	6,084,823
Illinois . . . . .	761	107,766	6,458,210	1,057,480	7,515,690	33,343	23,480	7,505,807
Michigan . . . . .	529	63,639	3,401,041	804,003	4,205,044	13,115	17,564	4,209,493
Wisconsin . . . . .	806	89,508	4,746,662	851,784	5,600,446	31,296	13,550	5,582,800
East North Central . . . . .	3,553	421,823	25,183,703	4,766,063	29,949,766	123,153	87,464	29,914,077
Minnesota . . . . .	1,034	171,613	7,253,914	1,110,597	8,364,511	75,265	22,040	8,311,266
Iowa . . . . .	951	135,379	7,520,723	1,029,553	8,550,276	81,583	28,525	8,497,218
Missouri . . . . .	1,729	270,046	8,636,534	2,333,835	10,970,369	26,731	32,274	10,975,912
North Dakota . . . . .	567	282,082	3,204,973	1,092,339	4,297,312	23,425	4,085	4,277,972
South Dakota . . . . .	542	245,841	3,553,188	818,375	4,371,563	15,415	0	4,356,148
Nebraska . . . . .	708	215,894	6,036,537	1,019,862	7,056,399	27,577	0	7,028,822
Kansas . . . . .	863	207,185	6,222,643	1,331,924	7,554,567	14,868	9,698	7,549,427
West North Central . . . . .	6,324	1,228,000	42,428,512	8,736,555	51,165,067	264,884	96,582	50,996,245
Delaware . . . . .	76	11,714	390,035	54,238	444,273	1,028	0	443,245
Maryland . . . . .	255	36,131	1,521,728	365,579	1,887,307	940	6,000	1,892,367
Virginia . . . . .	941	126,155	3,794,389	1,453,316	5,247,705	10,818	10,897	5,247,764
West Virginia . . . . .	486	66,091	1,804,351	620,070	2,424,421	2,168	6,325	2,430,578
North Carolina . . . . .	2,845	255,576	8,861,031	1,470,837	13,031,868	13,915	32,620	13,050,573
South Carolina . . . . .	2,241	242,187	6,253,671	3,713,846	9,967,517	16,303	3,138	9,954,352
Georgia . . . . .	4,524	556,270	11,233,924	7,690,361	18,924,275	29,351	24,629	18,919,593
Florida . . . . .	436	60,452	1,300,747	921,372	2,222,119	9,208	25,400	2,238,311
South Atlantic . . . . .	11,804	1,354,589	35,159,866	19,029,619	54,189,485	83,751	109,009	54,214,743
Kentucky . . . . .	994	117,571	5,580,434	1,567,978	7,148,412	13,111	36,110	7,171,511
Tennessee . . . . .	1,782	212,608	6,868,747	3,084,452	9,953,199	12,953	12,705	9,952,951
Alabama . . . . .	3,575	359,869	9,031,658	7,300,196	16,331,854	30,809	68,573	16,369,618
Mississippi . . . . .	3,601	310,196	11,566,327	8,490,792	20,077,119	27,215	30,882	20,080,786
East South Central . . . . .	9,952	1,000,244	33,667,166	20,443,418	54,110,584	84,088	148,270	54,274,766
Arkansas . . . . .	2,709	269,458	8,252,414	4,710,451	12,962,865	34,693	73,725	13,001,937
Louisiana . . . . .	1,586	131,165	5,273,598	3,450,802	8,724,400	11,784	2,627	8,715,243
Oklahoma . . . . .	2,372	437,279	11,924,868	3,248,185	15,173,053	29,011	18,226	15,162,268
Texas . . . . .	4,190	809,108	25,339,628	8,077,965	33,417,593	44,600	24,944	33,397,937
West South Central . . . . .	10,897	1,643,010	50,790,508	19,487,403	70,277,911	120,048	119,522	70,277,385
Montana . . . . .	176	85,646	1,311,596	490,839	1,802,435	1,900	0	1,800,535
Idaho . . . . .	207	30,422	1,640,589	452,641	2,093,230	652	1,200	2,093,778
Wyoming . . . . .	99	45,155	762,104	242,917	1,005,021	4,186	1,360	1,002,195
Colorado . . . . .	263	74,377	2,129,948	571,685	2,701,633	7,038	5,600	2,700,195
New Mexico . . . . .	144	62,298	1,112,579	357,900	1,470,479	100	0	1,470,379
Arizona . . . . .	46	3,200	380,470	69,807	450,277	2,894	5,430	452,813
Utah . . . . .	165	21,451	1,187,180	465,616	1,652,796	1,361	18,300	1,669,735
Nevada . . . . .	20	2,648	135,663	71,011	206,674	550	10,600	216,724
Mountain . . . . .	1,120	325,197	8,660,129	2,722,416	11,382,545	18,681	42,490	11,406,344
Washington . . . . .	171	23,816	1,260,546	294,809	1,555,355	4,913	7,495	1,557,937
Oregon . . . . .	176	21,625	1,132,255	419,423	1,551,678	194	3,100	1,554,584
California . . . . .	310	17,996	2,380,803	672,562	3,053,365	6,969	32,740	3,099,136
Pacific . . . . .	657	63,437	4,773,604	1,386,794	6,160,398	12,076	63,335	6,211,697
UNITED STATES . . . . .	46,180	6,570,553	209,998,261	78,846,646	288,844,887	736,094	691,222	288,800,015
Possessions <sup>4/</sup> . . . . .	924	34,563	3,364,523	1,479,460	4,843,983	11,523	0	4,832,460

<sup>1/</sup> Includes initial and supplemental tenant-purchase and farm-enlargement loans made by the Farm Security Administration, cumulative through October 31, 1946; and initial and supplemental tenant-purchase, farm-enlargement and farm-development loans made by the Farmers Home Administration, successor to Farm Security Administration, from November 1, 1946 to July 1, 1947. The farm-enlargement loan program was initiated about October 1942. Excludes project-liquidation loans and all types of loans made from State Corporation trust funds. For details on organization of Farmers Home Administration see article "Farmers' Home Administration Act of 1946" in Agricultural Finance Review, Vol. 9, November 1946.

<sup>2/</sup> Includes fees incidental to the purchase of properties.

<sup>3/</sup> Refers to loans against farms already owned by borrower and not to loans against farms newly purchased under this program.

<sup>4/</sup> Hawaii, Alaska, and Puerto Rico.

Farmers Home Administration.

Table 6.- Farmers Home Administration: Number of individual borrowers or accounts and amount of various types of loans held, by States, July 1, 1947 <sup>1/</sup>

State and division	Loans to individuals							Loans to cooperatives <sup>1/</sup>	Total loans
	Number of individual borrowers <sup>2/</sup>	Number of emergency crop and feed loan accounts <sup>3/</sup>	Rural re-habilitation <sup>4/</sup>	Emergency crop and feed loans	Production and sub-sistence	Construction and farm-development loans <sup>5/</sup>	Farm-owner-ship loans <sup>6/</sup>		
	Number	Number	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.
Maine .....	3,469	3,165	2,967	555	1,043	5	588	5	5,163
New Hampshire .....	855	318	906	34	88	21	77	0	1,126
Vermont .....	718	580	868	62	88	25	493	7	1,543
Massachusetts .....	615	224	528	33	107	2	406	0	1,076
Rhode Island .....	143	2	106	8/	14	0	14	0	134
Connecticut .....	236	85	207	13	37	0	192	0	449
New England .....	6,036	4,374	5,582	697	1,377	53	1,770	12	9,491
New York .....	4,901	1,342	5,765	176	738	62	2,810	272	9,823
New Jersey .....	1,562	430	1,673	60	354	28	1,160	301	3,576
Pennsylvania .....	5,207	3,665	4,214	462	681	41	3,471	3	8,872
Middle Atlantic .....	11,670	5,437	11,652	698	1,773	131	7,441	576	22,271
Ohio .....	19,924	2,456	4,002	234	418	482	3,401	31	8,568
Indiana .....	5,806	2,493	3,122	241	551	85	3,714	5	7,718
Illinois .....	9,797	1,934	5,042	181	832	66	3,913	160	10,194
Michigan .....	9,714	6,318	5,846	435	814	319	2,829	15	10,258
Wisconsin .....	21,421	10,952	5,633	883	1,070	802	3,310	28	11,726
East North Central .....	66,662	24,153	23,645	1,974	3,685	1,754	17,167	239	48,464
Minnesota .....	22,972	31,426	9,365	4,577	741	828	5,613	105	21,229
Iowa .....	7,500	2,333	5,753	283	746	48	3,902	15	10,747
Missouri .....	34,270	21,152	7,752	1,609	1,238	795	6,954	581	18,929
North Dakota .....	16,012	163,018	5,377	31,779	1,097	389	2,242	305	41,189
South Dakota .....	21,039	74,771	9,958	16,629	860	189	2,515	60	30,211
Nebraska .....	8,107	19,823	6,597	3,771	724	2	3,572	140	14,806
Kansas .....	10,045	32,262	7,244	5,247	892	29	4,595	187	18,294
West North Central .....	119,945	344,785	52,046	63,895	6,298	2,280	29,493	1,393	155,405
Delaware .....	314	462	361	45	38	2	336	0	782
Maryland .....	2,240	2,683	1,722	304	300	9	1,386	8	3,729
Virginia .....	10,528	21,753	2,632	1,519	756	51	2,677	165	7,800
West Virginia .....	5,733	3,603	1,473	240	209	29	1,531	0	3,482
North Carolina .....	25,327	24,673	4,491	1,249	5,749	481	6,788	491	19,249
South Carolina .....	28,522	38,313	6,647	2,052	4,471	512	6,591	292	20,565
Georgia .....	37,267	45,119	12,523	2,326	3,538	715	11,857	956	31,915
Florida .....	12,741	11,110	4,744	1,303	729	22	1,723	403	8,224
South Atlantic .....	122,672	148,316	34,593	9,038	15,790	1,621	32,889	2,315	96,446
Kentucky .....	11,586	13,578	2,447	615	1,365	370	3,245	0	8,042
Tennessee .....	10,755	15,874	2,015	717	1,174	240	5,245	51	9,442
Alabama .....	36,483	25,827	12,996	1,701	2,620	608	9,375	806	28,106
Mississippi .....	40,042	43,012	12,017	1,785	3,122	1,092	14,810	493	33,519
East South Central .....	98,866	99,291	29,475	4,818	8,481	2,310	32,675	1,350	79,109
Arkansas .....	43,132	79,113	10,162	3,094	3,092	1,117	9,990	1,163	28,618
Louisiana .....	38,433	39,468	7,696	1,827	2,594	744	6,588	441	19,890
Oklahoma .....	27,995	25,790	14,924	1,744	2,385	613	9,770	47	29,483
Texas .....	59,116	81,259	24,377	8,030	4,644	648	22,754	632	60,985
West South Central .....	168,876	234,330	57,159	14,695	12,615	3,122	49,102	2,283	138,976
Montana .....	4,707	43,170	5,161	7,763	1,357	1,615	1,328	675	17,899
Idaho .....	3,738	2,509	3,577	396	1,003	158	1,426	244	6,804
Wyoming .....	3,787	4,273	4,257	862	1,065	234	842	88	7,348
Colorado .....	8,508	15,802	6,965	2,299	1,564	513	1,684	346	13,371
New Mexico .....	15,678	15,286	3,643	1,852	570	267	970	272	7,574
Arizona .....	1,212	747	879	142	133	1	306	103	1,564
Utah .....	2,876	2,837	2,699	571	391	93	1,170	310	5,234
Nevada .....	472	45	436	18	79	0	124	139	696
Mountain .....	40,278	84,669	27,517	13,903	6,162	2,881	7,850	2,177	60,490
Washington .....	4,931	2,682	4,210	599	331	278	987	50	6,455
Oregon .....	3,274	1,629	2,516	217	463	537	979	96	4,808
California .....	6,782	1,415	5,350	280	686	5	1,770	128	8,219
Pacific .....	14,287	5,726	12,076	1,096	1,480	820	3,736	274	19,482
UNITED STATES .....	660,592	951,081	253,745	110,814	57,661	15,172	182,123	10,619	630,134
Possessions <sup>2/</sup> .....	14,155	3,722	2,244	535	1,183	0	3,252	259	7,473

<sup>1/</sup> Includes loans from State Corporation trust funds and from Resettlement Administration and Farm Security Administration, predecessors of Farmers Home Administration. For details on organization of Farmers Home Administration see article "Farmers' Home Administration Act of 1946" in Agricultural Finance Review, Vol. 9, November 1946.

<sup>2/</sup> Number of borrowers with outstanding loans, excluding emergency crop and feed loan borrowers.

<sup>3/</sup> Includes seed-grain, emergency crop, drought relief, and orchard-rehabilitation accounts outstanding.

<sup>4/</sup> Includes loans to individuals on and off projects, water-facility loans, flood and windstorm loans, and wartime adjustment loans.

<sup>5/</sup> Includes project-liquidation loans not pursuant to title I of the Bankhead-Jones Act and farm-development loans made prior to November 1, 1946.

<sup>6/</sup> Includes tenant-purchase, farm-enlargement, farm-development (after November 1, 1946), and project-liquidation loans pursuant to title I of the Bankhead-Jones Act and from State Corporation trust funds.

<sup>7/</sup> Includes loans to defense relocation corporations and water-facility associations.

<sup>8/</sup> Less than \$500.

<sup>9/</sup> Alaska, Hawaii, Puerto Rico, and Virgin Islands.

Farmers Home Administration.

Table 7.- Federal land bank and Federal Farm Mortgage Corporation loans: Amount outstanding, principal repayments, other deductions, and loans closed, United States, 1935-47 1/2

## FEDERAL LAND BANKS

Year and quarter	Loans outstanding at beginning of year or quarter	Decreases in loans			Loans closed 2/	Net change in outstanding loans	Loans outstanding at end of year or quarter
		Principal repayments 2/	Other deductions (net) 1/	Total			
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1935 . . . . .	1,915,792	41,991	50,546	92,537	245,170	156,133	2,071,925
1936 . . . . .	2,071,925	51,592	65,345	116,937	109,570	-7,767	2,064,158
1937 . . . . .	2,064,158	67,340	24,563	91,903	61,092	-28,861	2,035,307
1938 . . . . .	2,035,307	69,586	34,500	104,502	51,419	-53,083	1,982,224
1939 . . . . .	1,982,224	92,451	36,700	129,151	51,582	-77,569	1,904,655
1940 . . . . .	1,904,655	97,413	20,299	117,712	64,275	-53,437	1,851,218
1941 . . . . .	1,851,218	128,704	23,184	151,888	65,065	-86,820	1,764,398
1942 . . . . .	1,764,398	196,898	18,717	215,615	55,063	-161,552	1,602,846
1943 . . . . .	1,602,846	294,099	18,710	306,809	61,900	-244,909	1,357,937
1944 . . . . .	1,357,937	275,722	15,362	291,284	70,275	-221,009	1,136,928
1945 . . . . .	1,136,928	221,624	18,746	240,370	131,029	-109,341	1,027,587
1946: Jan.-March . . . . .	1,027,587	61,453	6,870	68,323	55,671	-12,652	1,014,935
Apr.-June . . . . .	1,014,935	48,253	7,727	55,980	48,691	-7,289	1,007,646
July-Sept. . . . .	1,007,646	53,478	5,672	59,150	30,051	-29,099	978,547
Oct.-Dec. . . . .	978,547	62,121	6,916	69,037	34,911	-34,126	944,421
1947: Jan.-March . . . . .	944,421	59,985	7,944	67,929	42,662	-25,267	919,154
Apr.-June . . . . .	919,154	42,210	8,749	50,959	41,898	-9,061	910,093

## FEDERAL FARM MORTGAGE CORPORATION 1/2

1935 . . . . .	616,825	11,955	6,540	18,495	196,396	177,901	794,726
1936 . . . . .	794,726	23,556	11,550	35,206	77,258	42,052	836,778
1937 . . . . .	836,778	46,513	17,536	64,049	40,020	-24,029	812,749
1938 . . . . .	812,749	57,825	31,468	89,293	29,395	-59,898	752,851
1939 . . . . .	752,851	64,005	25,383	89,388	27,417	-61,971	690,860
1940 . . . . .	690,860	61,183	18,065	79,248	36,664	-42,584	648,296
1941 . . . . .	648,296	76,373	12,654	89,027	37,533	-51,494	596,802
1942 . . . . .	596,802	106,113	7,027	113,140	28,255	-84,685	512,197
1943 . . . . .	512,197	133,021	3,483	136,504	30,497	-106,007	406,190
1944 . . . . .	406,190	108,007	3,500	111,507	35,017	-76,490	329,700
1945 . . . . .	329,700	127,348	3,417	130,765	29,462	-101,303	228,397
1946: Jan.-March . . . . .	228,397	37,727	592	38,319	3,959	-34,360	194,037
Apr.-June . . . . .	194,037	24,262	626	24,888	5,055	-19,833	174,204
July-Sept. . . . .	174,204	19,039	396	19,435	2,614	-16,821	157,383
Oct.-Dec. . . . .	157,383	20,251	412	20,663	3,407	-17,256	140,127
1947: Jan.-March . . . . .	140,127	14,537	513	15,050	4,151	-10,899	129,228
Apr.-June . . . . .	129,228	10,601	595	11,196	5,114	-6,082	123,146

1/ Includes Puerto Rico. Excludes purchase-money mortgages and sales contracts.

2/ "Principal repayments" to the Federal Farm Mortgage Corporation include loans taken over by the Federal land banks, which loans in turn are included in "loans closed" by the land banks.

3/ Includes foreclosures, voluntary deeds, loans in process of foreclosure, etc., less increases in loans by reason of reamortizations, reinstatements, etc.

4/ Loans of the Federal Farm Mortgage Corporation are made on its behalf by the Land Bank Commissioner.

Farm Credit Administration.

Table 8.- Federal land bank and Federal Farm Mortgage Corporation loans: Number delinquent as a percentage of number outstanding, by States, as of January 1, for selected years 1930-47 <sup>1/</sup>

State and division	Federal land banks							Federal Farm Mortgage Corporation 2/					
	1930	1934	1940	1942	1944	1946	1947	1934	1940	1942	1944	1946	1947
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Maine . . . . .	4.6	47.6	43.5	40.2	15.9	13.0	14.8	0.0	54.9	49.3	21.2	15.7	16.4
New Hampshire . . . . .	.6	14.8	10.9	5.8	4.9	7.8	7.8	.0	21.2	17.2	10.3	12.0	11.8
Vermont . . . . .	7.5	32.6	18.9	10.2	6.4	7.3	8.0	.0	27.9	15.9	9.6	9.0	9.6
Massachusetts . . . . .	1.6	14.4	11.6	5.6	4.1	3.8	4.0	1.0	22.4	15.4	10.2	7.2	7.2
Rhode Island . . . . .	.0	10.8	14.0	6.5	6.3	5.1	3.4	3.6	24.3	15.0	10.6	8.2	10.3
Connecticut . . . . .	1.5	19.2	11.6	4.8	5.2	4.5	5.0	.7	19.7	10.1	7.3	7.5	9.9
New England . . . . .	3.6	29.1	21.2	14.5	7.4	6.6	7.2	.5	31.3	22.5	11.8	9.6	10.7
New York . . . . .	4.6	27.2	17.8	10.5	5.5	6.0	5.5	.8	25.0	17.0	7.9	7.9	8.2
New Jersey . . . . .	3.5	26.9	15.2	7.7	4.5	5.2	5.9	.8	25.8	15.2	7.5	7.4	10.1
Pennsylvania . . . . .	6.1	32.0	10.7	12.8	10.0	7.5	4.6	.0	12.8	10.7	6.2	6.9	4.9
Middle Atlantic . . . . .	5.1	29.0	15.0	10.9	6.8	6.3	5.3	.3	21.0	14.7	7.3	7.5	7.7
Ohio . . . . .	.9	29.6	8.6	4.3	3.9	2.8	2.7	4.5	13.5	5.7	4.7	4.7	4.3
Indiana . . . . .	1.5	35.5	7.3	3.4	2.3	2.1	1.8	2.2	9.1	3.9	2.5	2.9	2.8
Illinois . . . . .	2.9	46.1	7.5	5.1	2.8	3.8	1.7	.1	11.4	6.9	3.4	9.2	4.1
Michigan . . . . .	7.4	50.6	13.5	10.0	5.1	4.3	3.4	.0	19.3	12.2	6.4	7.2	6.1
Wisconsin . . . . .	7.8	51.5	27.5	18.3	7.9	4.4	3.2	.1	40.2	22.9	11.9	9.2	6.4
East North Central . . . . .	3.9	42.1	12.9	8.2	4.4	3.5	2.5	.9	20.6	11.4	6.4	7.0	5.1
Minnesota . . . . .	6.5	42.8	20.7	13.1	5.1	3.3	2.4	.2	31.1	17.3	7.9	6.6	4.7
Iowa . . . . .	1.2	36.0	13.8	8.2	3.6	3.2	2.0	.1	17.4	10.0	5.1	10.1	5.6
Missouri . . . . .	12.6	45.9	12.5	9.1	6.1	4.1	2.3	.1	14.8	7.3	4.6	5.5	3.3
North Dakota . . . . .	9.3	67.4	72.8	58.8	28.0	6.4	3.4	.0	86.3	59.4	35.8	10.0	5.1
South Dakota . . . . .	3.9	65.9	40.1	26.6	11.6	3.1	2.0	.0	50.8	31.3	15.3	7.4	4.9
Nebraska . . . . .	2.4	36.8	43.5	34.7	16.5	6.9	3.1	.1	53.3	36.6	22.3	15.2	7.8
Kansas . . . . .	3.8	39.8	37.4	23.0	8.1	3.8	3.0	.0	50.7	27.5	9.1	7.4	6.9
West North Central . . . . .	4.2	46.0	32.5	22.9	10.0	4.2	2.5	.1	42.5	25.4	13.1	8.5	5.4
Delaware . . . . .	3.6	36.4	8.6	7.0	3.3	2.0	.5	.0	14.3	10.9	2.6	2.8	.9
Maryland . . . . .	4.2	30.1	12.7	10.4	5.6	5.7	2.6	.0	19.1	12.8	6.5	8.6	4.0
Virginia . . . . .	5.1	44.4	11.8	13.5	8.6	7.1	5.7	.0	17.7	12.6	8.0	7.2	6.0
West Virginia . . . . .	4.8	42.3	9.4	8.5	5.6	5.9	4.7	.0	13.4	9.1	6.9	6.6	7.1
North Carolina . . . . .	8.3	56.6	25.6	15.2	10.8	11.4	13.4	2.4	29.6	12.9	9.7	13.4	15.5
South Carolina . . . . .	20.6	57.1	35.5	31.5	17.3	16.9	14.6	5.2	36.9	34.1	18.0	19.2	17.9
Georgia . . . . .	10.2	61.5	35.7	24.1	11.0	11.8	12.2	1.9	32.9	22.4	10.8	12.5	14.9
Florida . . . . .	6.4	52.9	29.1	17.1	6.4	4.7	5.1	.3	14.7	12.2	5.7	6.2	6.7
South Atlantic . . . . .	8.9	52.3	24.7	18.4	10.2	10.3	10.2	1.9	27.9	19.1	10.7	12.6	13.4
Kentucky . . . . .	2.0	43.9	13.5	5.9	4.1	5.0	4.3	11.7	18.0	7.0	4.7	6.0	5.2
Tennessee . . . . .	1.6	40.3	9.9	4.4	5.0	6.2	5.1	5.1	13.5	4.7	4.9	6.8	6.4
Alabama . . . . .	12.7	60.8	32.0	19.0	10.4	9.9	2.7	.0	44.8	21.9	9.6	9.9	13.3
Mississippi . . . . .	11.2	73.8	33.7	25.4	10.4	12.8	5.2	.0	48.5	29.7	10.1	14.0	21.3
East South Central . . . . .	9.1	58.9	23.9	15.0	8.1	9.1	4.1	3.9	31.4	16.5	7.6	9.8	13.2
Arkansas . . . . .	3.3	67.2	8.4	5.9	4.2	6.3	4.1	.0	9.9	4.3	4.2	8.5	5.3
Louisiana . . . . .	11.5	69.0	25.7	24.9	13.2	14.2	14.1	.0	31.4	27.8	12.0	16.6	19.0
Oklahoma . . . . .	6.9	39.5	18.1	11.6	7.7	5.6	4.6	.0	27.9	13.8	9.4	7.9	6.8
Texas . . . . .	.7	42.2	18.7	15.5	5.0	3.3	.2	.0	17.5	14.4	5.4	7.3	4.0
West South Central . . . . .	3.2	49.0	18.3	14.9	6.1	4.9	2.5	.0	20.2	14.3	6.7	8.4	6.3
Montana . . . . .	9.3	61.5	34.6	22.7	11.1	8.7	6.6	.0	37.0	19.0	9.4	10.5	10.4
Idaho . . . . .	6.7	55.5	20.5	13.5	5.9	6.9	6.0	.0	27.5	17.3	8.1	9.9	9.6
Wyoming . . . . .	3.0	43.4	23.5	16.8	10.3	7.7	5.2	1.3	31.7	19.9	14.1	12.5	9.8
Colorado . . . . .	5.6	55.0	28.1	20.3	11.9	8.4	6.2	.0	35.0	21.3	11.9	10.9	8.8
New Mexico . . . . .	5.2	36.1	12.9	10.1	6.4	6.3	6.2	.0	20.1	12.2	5.8	10.8	8.7
Arizona . . . . .	1.9	61.5	22.0	17.9	8.6	7.4	7.1	.6	21.6	19.2	9.5	10.0	7.9
Utah . . . . .	4.1	70.0	29.5	22.2	6.0	8.3	6.5	1.5	39.2	28.9	8.2	11.3	9.6
Nevada . . . . .	2.0	56.1	24.2	12.5	10.1	6.3	4.0	.0	23.7	8.3	7.2	7.8	6.7
Mountain . . . . .	5.9	55.5	25.1	17.7	8.7	7.7	6.2	.4	32.3	19.9	9.8	10.8	9.4
Washington . . . . .	6.8	46.4	15.5	9.4	4.9	5.9	5.8	.4	21.7	11.5	5.7	7.3	8.0
Oregon . . . . .	6.4	49.6	17.7	10.8	4.2	4.2	4.0	.0	22.2	12.1	5.5	6.5	5.4
California . . . . .	1.4	40.0	21.4	10.3	4.1	3.2	2.6	.5	27.3	11.7	5.2	4.7	4.3
Pacific . . . . .	5.1	44.9	18.8	10.1	4.4	4.1	3.7	.4	25.4	11.7	5.3	5.4	5.1
UNITED STATES . . . . .	5.5	48.5	22.5	15.8	7.5	5.6	3.9	1.0	29.7	17.8	9.2	8.9	8.2

<sup>1/</sup> Includes all loans with unpaid matured installments even though such installments may have been extended or deferred.

<sup>2/</sup> Loans held by the Federal Farm Mortgage Corporation are made on its behalf by the Land Bank Commissioner.

Farm Credit Administration.

Table 9.- Loans made by Federal land banks and Federal Farm Mortgage Corporation and estimated amount of farm mortgages recorded by other lenders, United States, 1934-47 <sup>1/</sup>

Period	Loans made		Mortgages recorded by other lenders <sup>1/</sup>					Total all lenders
	Federal land banks	Federal Farm Mortgage Corporation <sup>2/</sup>	Individuals	Commercial banks	Insurance companies	Miscellaneous	Total	
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
1934 .....	730.1	553.0	219.6	110.9	45.7	80.8	457.0	1,740.1
1935 .....	247.6	195.9	257.8	164.9	76.4	71.7	570.8	1,014.3
1936 .....	108.6	76.9	255.3	186.1	115.1	60.4	616.9	802.4
1937 .....	62.8	39.7	262.9	212.8	128.2	51.3	655.2	757.7
1938 .....	51.3	29.1	234.1	210.0	137.4	61.3	642.8	723.2
1939 .....	51.5	27.2	226.7	217.8	138.0	67.8	650.3	729.0
1940 .....	63.9	36.4	225.6	219.9	145.5	81.2	672.2	772.5
1941 .....	64.7	37.3	247.7	221.3	160.5	102.5	732.0	834.0
1942 .....	53.6	28.2	248.7	191.0	154.6	86.7	681.0	762.8
1943 .....	61.2	30.1	350.4	233.1	167.1	73.9	824.5	915.8
1944 .....	69.4	34.5	386.2	255.3	160.8	64.8	867.1	971.0
1945 .....	91.8	28.7	417.3	312.7	145.2	58.7	933.9	1,054.4
1946: <sup>4/</sup>								
Jan.-March .....	36.1	3.8	157.5	129.5	67.7	23.3	378.0	417.9
Apr.-June .....	38.2	4.9	133.0	139.2	48.1	21.2	341.5	384.6
July-Sept. ....	23.8	2.5	115.6	127.1	38.7	22.0	303.4	329.7
Oct.-Dec. ....	30.5	3.3	122.0	126.1	45.5	26.6	320.2	354.0
1947: <sup>4/</sup>								
Jan.-March .....	39.4	4.1	154.3	140.1	81.6	28.9	404.9	448.4
Apr.-June .....	39.2	4.9	120.0	124.6	53.8	23.1	321.5	365.6

<sup>1/</sup> Continental United States only.

<sup>2/</sup> Loans of the Federal Farm Mortgage Corporation are made on its behalf by the Land Bank Commissioner.

<sup>3/</sup> Based on reports from counties including from 30 to 45 percent of the farms in the United States.

<sup>4/</sup> Sum of quarterly figures will not always equal annual total because of rounding of figures.

Farm Credit Administration.

Table 10.- Interest rates charged on new loans and discounts by institutions under the supervision of the Farm Credit Administration, as of December 31, for selected years, 1934-46

Item	1934	1936	1938	1940	1942	1943	1944	1945	1946
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Federal land banks:									
National farm loan associations:									
Contract rate .....	5	4	4	4	4	4	4	4	4
Reduced rate <sup>1/</sup> .....	4 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	-	-	-
Direct: <sup>2/</sup>									
Contract rate .....	5 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Reduced rate <sup>1/</sup> .....	5	4	4	4	4	4	-	-	-
Land Bank Commissioner: <sup>3/</sup>									
Contract rate .....	5	5	5	5	5	5	5	5	5
Reduced rate <sup>1/</sup> .....	-	-	4	3 1/2	3 1/2	3 1/2	4	-	-
Production credit associations <sup>4/</sup> .....	5	5	5	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Federal intermediate credit banks <sup>4/</sup> .....	2	2	2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Banks for cooperatives: <sup>4/</sup>									
Loans secured by Commodity Credit Corporation									
Documents .....	-	-	-	-	-	3/4	1	1	1
Commodity loans .....	-	2	-	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Operating capital loans .....	3	3	3	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Facility loans .....	4 1/2	4	4	4	3 1/2	3 1/2	4	4	3 1/2
Emergency crop and feed loans .....	5 1/2	5 1/2	4	4	4	4	4	4	5/
Drought-relief loans .....	5 1/2	-	-	-	-	-	-	-	5/
Regional agricultural credit corporations .....	6 1/2	6 1/2	6 1/2	5 1/2	5 1/2	6 1/2	5 1/2	5 1/2	5 1/2
Agricultural Marketing Act revolving fund:									
Operating capital loans .....	3	3	3	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Facility loans .....	4 1/2	4	4	4	3 1/2	3 1/2	4	-	-

<sup>1/</sup> Reduced rates to borrowers on Federal land bank loans were in effect between July 11, 1933 and July 1, 1944 and on Land Bank Commissioner loans between July 22, 1937 and July 1, 1945.

<sup>2/</sup> Also apply to loans made in Puerto Rico.

<sup>3/</sup> Land Bank Commissioner loans are made on behalf of the Federal Farm Mortgage Corporation.

<sup>4/</sup> Interest rate in Puerto Rico, one-half of 1 percent higher.

<sup>5/</sup> Since November 1, 1946, loans for these purposes have been under the jurisdiction of the Farmers Home Administration.

<sup>6/</sup> Under a program announced by the Secretary of Agriculture on January 21, 1943, the interest rate on production loans financed through the regional agricultural credit corporations was set at 5 percent.

NOTE: The interest rate on mortgage loans made by joint-stock land banks, which were placed in liquidation May 12, 1933, varied from 4 to 6 percent per annum, the latter rate being the maximum allowed by law.

Farm Credit Administration.



Table 11.- Real estate, sheriffs' certificates, judgments, etc., acquired and held by the Federal land banks and the Federal Farm Mortgage Corporation, United States, 1925-46<sup>1/</sup>

Year	Acquired during year <sup>2/</sup>				Held as of December 31			
	Federal land banks		Federal Farm Mortgage Corporation		Federal land banks		Federal Farm Mortgage Corporation	
	Number	Investment	Number	Investment <sup>3/</sup>	Number	Investment	Number	Investment <sup>3/</sup>
	Number	1,000 dollars	Number	1,000 dollars	Number	1,000 dollars	Number	1,000 dollars
1925	2,250	8,232			2,758	11,048		
1926	2,285	9,621			4,023	16,596		
1927	2,090	9,190			5,174	21,892		
1928	2,652	14,598			6,010	26,478		
1929	3,109	13,340			6,641	29,517		
1930	4,318	17,177			8,516	36,865		
1931	7,036	27,320			12,609	53,588		
1932	10,102	43,045			18,449	83,158		
1933	6,488	26,941			21,895	96,632		
1934	4,766	16,067	2	5	22,918	96,655	2	11
1935	11,459	43,219	252	486	27,465	119,409	236	455
1936	12,510	49,730	2,624	5,809	28,954	128,893	2,379	5,861
1937	8,586	32,676	4,396	10,469	25,776	117,932	5,107	14,106
1938	7,186	29,233	6,576	17,267	23,974	115,345	8,245	23,884
1939	10,236	44,654	7,679	22,177	25,774	125,800	9,625	29,437
1940	5,242	23,029	3,790	12,626	21,337	109,066	7,503	25,113
1941	4,129	17,592	3,201	10,191	14,578	73,600	2,204	18,217
1942	3,067	12,968	3,245	10,994	8,322	40,435	4,056	14,322
1943	1,294	6,036	1,946	7,249	3,625	16,779	2,423	9,067
1944	513	2,331	758	2,958	1,423	6,680	1,120	4,314
1945	243	1,040	311	1,143	397	1,916	365	1,451
1946	73	280	149	587	105	487	144	542

<sup>1/</sup> Excludes Puerto Rico except for acquisitions by the Federal land banks during years 1931-34.

<sup>2/</sup> Excludes reacquirements.

<sup>3/</sup> Excludes prior liens.

Farm Credit Administration.

Table 12.- Farm real estate held by selected lending agencies, United States, January 1, 1930-47

Year	Federal land banks <sup>1/</sup>	Federal Farm Mortgage Corporation <sup>2/</sup>		Life insurance companies <sup>3/</sup>	Joint-stock land banks <sup>4/</sup>	Insured commercial banks <sup>5/</sup>	Three State credit agencies <sup>6/</sup>
		Excluding prior liens	Including prior liens				
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1930	29,517			107,058	19,685	6/	26,860
1931	36,865			123,403	22,202	6/	33,511
1932	53,588			190,694	37,957	6/	39,008
1933	83,158			287,773	71,741	6/	47,494
1934	96,632			428,331	85,740	6/	56,094
1935	96,655	11	11	558,211	81,700	6/	60,270
1936	119,409	455	455	588,761	78,204	7/ 74,166	61,531
1937	128,893	5,861	10,449	634,005	72,781	69,525	68,444
1938	117,932	14,106	21,646	612,120	62,030	56,311	72,040
1939	115,345	23,884	34,558	607,358	53,885	49,143	71,846
1940	125,800	29,437	40,378	599,653	46,827	42,045	68,324
1941	109,066	25,113	32,780	547,637	36,172	33,373	60,900
1942	73,600	18,217	23,614	441,772	29,130	22,841	53,498
1943	40,435	14,322	19,909	336,233	18,306	8/ 19,532	44,145
1944	16,779	9,067	12,615	205,410	6,605	6/	36,139
1945	6,680	4,314	6,039	119,169	4,201	6/	32,691
1946	1,916	1,451	2,111	81,616	1,601	6/	3,619
1947	487	542	790	33,552	463	6/	6/

<sup>1/</sup> Investment. Includes sheriffs' certificates and judgments.

<sup>2/</sup> Book value. Partially estimated.

<sup>3/</sup> Carrying value. Includes sheriffs' certificates and judgments. Real estate held by banks in receivership included at book value.

<sup>4/</sup> Book value.

<sup>5/</sup> Investment. Department of Rural Credit of Minnesota, Bank of North Dakota, and Rural Credit Board of South Dakota. The large reduction during 1945 is mostly due to a charge-off of approximately \$27,000,000 of cumulated losses by the Rural Credit Board of South Dakota upon completion of liquidation.

<sup>6/</sup> Data unavailable.

<sup>7/</sup> June 30.

<sup>8/</sup> June 30, 1942.

Table 13.- Average interest rates on farm-mortgage loans held by principal lender groups, United States, as of January 1, for selected years 1910-47<sup>1/</sup>

Year	Federal land banks and Federal Farm Mortgage Corporation	Life insurance companies	Other lenders				Total all lenders
	Percent	Percent	Banks	Individuals	Others	Total	Percent
1910	-	5.5	6.2	6.0	6.5	6.1	6.0
1920	5.4	5.8	6.5	6.1	6.3	6.2	6.1
1923	5.6	6.0	7.0	6.3	6.6	6.5	6.4
1930	5.4	5.7	6.5	6.1	6.1	6.2	6.0
1935	4.6	5.6	6.3	5.9	6.0	6.0	5.5
1940	3.7	4.9	5.5	5.2	5.1	5.3	4.6
1941	3.5	4.8	2/	2/	2/	5.2	4.5
1942	3.5	4.8	2/	2/	2/	5.1	4.4
1943	3.5	4.7	2/	2/	2/	5.0	4.4
1944	3.5	4.5	2/	2/	2/	4.9	4.4
1945	4.1	4.5	5.2	4.9	4.3	4.8	4.5
1946	4.2	4.4	2/	2/	2/	4.9	4.6
1947	4.2	4.4	2/	2/	2/	4.8	4.6

<sup>1/</sup> Contract rates, except on loans of Federal land banks, 1934-44, and Federal Farm Mortgage Corporation, 1938-45, which are included at temporarily reduced rates.

<sup>2/</sup> Data not available.

Table 14.- Estimated amount of interest charges payable on farm-mortgage debt, by geographic divisions, for selected years 1910-46<sup>1/</sup>

Year	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific	United States
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1910	3,992	14,715	46,373	77,492	8,910	8,052	21,358	8,666	13,630	203,188
1920	6,800	23,842	104,405	231,070	29,142	25,430	61,596	47,178	44,627	574,090
1922	7,970	26,250	122,875	280,130	35,480	27,340	73,650	56,213	49,996	679,904
1930	10,086	26,866	107,039	198,084	31,974	25,961	72,072	38,691	58,983	569,756
1935	9,338	22,269	78,630	134,923	21,894	18,758	47,081	25,014	38,185	396,092
1940 <sup>2/</sup>	7,181	17,909	62,260	90,648	19,199	18,236	31,754	16,769	29,135	293,091
1941 <sup>2/</sup>	6,819	17,228	60,226	87,726	19,048	18,096	31,314	16,116	27,721	284,294
1942 <sup>2/</sup>	6,425	16,543	57,139	84,369	18,471	17,396	30,308	15,038	26,158	271,847
1943 <sup>2/</sup>	5,939	15,340	50,832	76,740	17,085	15,640	27,188	13,311	23,742	245,817
1944 <sup>2/</sup>	5,650	14,359	46,845	71,152	16,359	14,728	25,659	12,644	22,769	230,165
1945 <sup>2/</sup>	5,473	13,783	44,224	65,797	16,613	14,657	24,463	12,551	22,552	220,113
1946	5,379	14,023	42,418	60,045	18,424	15,563	24,466	12,972	23,085	216,375

<sup>1/</sup> Payable during calendar year. Excludes amounts paid by Secretary of the Treasury to Federal land banks, 1933-44, and Federal Farm Mortgage Corporation, 1937-45, as reimbursement for interest reductions granted borrowers.

<sup>2/</sup> Revised.

Table 15.- Non-real-estate loans to farmers by principal credit institutions: Amounts outstanding on specified dates, United States, 1915-47 1/2

Date	Commercial banks		Agencies supervised by the Farm Credit Administration				Farmers loans		Commodity Credit Corporation		Total	
	Excluding Commodity Credit Corporation guarantees	Including Commodity Credit Corporation guarantees	Production credit Associations	Federal Reserve Banks	Regional credit institutions	Emergency credit feed loans	Production credit loans	Loans held	Institutional loans guaranteed	Excluding Commodity Credit Corporation loans held or guaranteed	Including Commodity Credit Corporation loans held or guaranteed	2/ g/
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1915:												
Jan. 1												
1920:												
Jan. 1	1,605,958									1,605,958		
1921:												
Jan. 1	3,453,794									3,453,794		
1925:												
Jan. 1	3,465,891									3,465,891		
1926:												
Jan. 1	2,674,237									2,674,237		
1927:												
Jan. 1	2,490,742									2,490,742		
1931:												
Jan. 1	840,887											
Jan. 1	627,878											
Jan. 1	670,817											
1936:												
Jan. 1	715,257											
Jan. 1	690,335											
1937:												
Jan. 1	680,866											
Jan. 1	757,883											
1938:												
Jan. 1	682,545											
Jan. 1	671,817											
1939:												
Jan. 1	788,716											
Jan. 1	841,345											
1940:												
Jan. 1	900,079											
Jan. 1	1,000,359											
1941:												
Jan. 1	953,774											
Jan. 1	1,093,786											
1942:												
Jan. 1	1,071,108											
Jan. 1	1,094,697											
1943:												
Jan. 1	1,490,908											
Jan. 1	1,330,281											
1944:												
Jan. 1	1,326,120											
Jan. 1	1,407,205											
1945:												
Jan. 1	1,328,460											
Jan. 1	1,377,405											
1946:												
Jan. 1	1,068,479											
Jan. 1	1,033,800											
1947:												
Jan. 1	1,300,807											
Jan. 1	1,299,105											
Jan. 1	1,592,627											

1/ Continental United States only.

2/ Guarantees are loans secured by agricultural commodities covered by purchase agreements of the Commodity Credit Corporation. The amount of guaranteed loans held by commercial banks are as derived from CCC reports.

3/ Includes loans of associations in liquidation.

4/ Loans to and discounts for private financing institutions.

5/ Formerly the Farm Security Administration.

6/ Includes seed, feed, crop-protection, drug-veterinarian, and orchard-rehabilitation loans made by the Crop and Feed Loan Office of the Farm Credit Administration and its predecessors. Transferred on October 1, 1946, to the Farm Credit Administration.

7/ Includes rural rehabilitation loans, in liquidation since October 31, 1936; also includes water facility loans.

8/ Includes for the first time some loans to farmers by cooperative marketing associations and where appropriate.

9/ Includes loans of the Finance Corporation.

10/ Revised.

Table 16.- Non-real-estate loans to farmers held by insured commercial banks and by all active commercial banks, by States, on specified dates, 1946-47 1/

State and division	Insured commercial banks					All active commercial banks		
	January 1, 1946	1947				January 1, 1946	January 1, 1947	
		January 1		July 1			Total	Under Com- modity Credit Corporation guarantee 2/
		Total	Under Com- modity Credit Corporation guarantee 2/	Total	Under Com- modity Credit Corporation guarantee 2/			
	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.
Maine . . . . .	9,528	20,816	17,057	5,082	0	9,982	21,446	17,057
New Hampshire . . . . .	1,099	1,516	49	1,744	0	1,177	1,569	49
Vermont . . . . .	5,942	7,726	0	8,793	0	6,151	8,163	0
Massachusetts . . . . .	2,226	2,651	0	3,211	0	2,544	2,925	0
Rhode Island . . . . .	534	663	218	520	0	534	664	218
Connecticut . . . . .	1,772	2,042	0	2,599	0	1,996	2,411	0
New England . . . . .	21,101	25,414	17,324	22,049	0	22,364	27,178	17,324
New York . . . . .	23,731	33,998	1,229	41,839	269	23,797	34,033	1,248
New Jersey . . . . .	3,374	4,939	2	6,788	23	3,374	4,941	2
Pennsylvania . . . . .	14,686	21,374	688	23,881	1	14,795	21,430	688
Middle Atlantic . . . . .	41,851	60,311	1,919	72,508	293	41,966	60,404	1,938
Ohio . . . . .	22,049	31,258	262	38,097	38	22,131	31,372	262
Indiana . . . . .	27,495	33,325	632	40,775	362	28,152	33,823	632
Illinois . . . . .	54,417	60,346	291	68,812	630	54,417	66,613	291
Michigan . . . . .	21,862	29,082	2,602	34,059	51	22,273	29,683	2,602
Wisconsin . . . . .	24,484	30,627	303	36,432	11	24,635	30,913	303
East North Central . . . . .	150,307	190,838	4,090	218,175	1,092	151,608	192,404	4,090
Minnesota . . . . .	50,699	53,193	4,269	57,470	234	51,571	54,088	4,271
Iowa . . . . .	88,100	102,511	2,983	92,852	6,419	93,359	108,571	3,726
Missouri . . . . .	51,330	61,487	325	74,961	506	54,955	63,531	327
North Dakota . . . . .	16,929	16,430	6,116	17,602	362	17,532	16,953	6,347
South Dakota . . . . .	28,164	30,288	4,417	30,769	604	28,319	30,288	4,417
Nebraska . . . . .	62,310	65,525	4,149	61,755	3,165	65,080	68,731	4,538
Kansas . . . . .	49,506	62,524	1,141	77,654	274	61,074	75,944	1,411
West North Central . . . . .	249,038	322,058	23,400	413,063	11,564	371,890	418,106	25,037
Delaware . . . . .	1,228	1,409	46	1,995	7	1,228	1,409	46
Maryland . . . . .	4,259	5,590	80	7,335	18	4,986	5,590	80
District of Columbia . . . . .	9	3	0	9	0	9	3	0
Virginia . . . . .	13,309	17,258	86	22,748	163	13,346	17,258	86
West Virginia . . . . .	2,307	3,652	0	4,519	0	2,307	3,652	0
North Carolina . . . . .	7,686	8,354	141	23,248	55	7,686	8,354	141
South Carolina . . . . .	10,503	6,196	608	11,327	173	10,452	6,520	608
Georgia . . . . .	30,073	21,675	5,037	30,349	652	30,428	22,179	5,037
Florida . . . . .	5,988	7,596	21	8,438	0	6,060	7,734	21
South Atlantic . . . . .	75,382	71,733	6,019	111,168	1,068	76,902	72,699	6,019
Kentucky . . . . .	18,222	26,614	10	29,565	11	18,242	26,614	10
Tennessee . . . . .	31,475	23,946	334	32,012	29	31,475	23,946	334
Alabama . . . . .	30,051	19,001	1,797	31,625	304	30,515	19,001	1,997
Mississippi . . . . .	14,826	16,917	484	21,333	55	15,002	17,103	484
East South Central . . . . .	114,574	86,478	2,825	114,595	399	115,234	86,654	2,825
Arkansas . . . . .	24,137	19,530	828	28,724	87	24,361	19,703	828
Louisiana . . . . .	10,294	9,097	174	11,812	19	10,294	9,097	174
Oklahoma . . . . .	47,137	40,891	722	54,944	209	47,464	41,232	722
Texas . . . . .	207,755	147,777	20,028	164,605	3,310	208,398	152,855	21,459
West South Central . . . . .	289,323	217,295	21,752	260,115	3,629	290,517	222,887	23,183
Montana . . . . .	16,553	16,520	1,839	23,799	74	16,553	16,520	1,839
Idaho . . . . .	16,849	17,556	5,588	18,299	0	17,336	18,145	5,536
Wyoming . . . . .	12,922	12,423	1,580	17,250	1	12,922	12,423	1,580
Colorado . . . . .	40,203	39,600	1,997	43,387	612	40,435	39,876	1,997
New Mexico . . . . .	13,762	14,474	1,294	16,231	298	13,762	14,474	1,294
Arizona . . . . .	15,753	16,746	9	14,428	135	15,753	16,746	9
Utah . . . . .	18,181	17,654	2,978	18,258	1	18,182	17,654	2,978
Nevada . . . . .	2,851	4,327	0	5,501	0	2,851	4,327	0
Mountain . . . . .	137,074	139,300	15,275	157,783	1,121	137,794	140,165	15,323
Washington . . . . .	23,735	28,618	5,642	24,926	52	23,958	28,786	5,705
Oregon . . . . .	14,737	15,364	2,671	19,346	3	14,737	15,373	2,671
California . . . . .	93,152	117,290	1,222	134,976	747	95,275	119,776	1,222
Pacific . . . . .	131,631	161,272	9,535	179,248	802	133,970	163,935	9,598
UNITED STATES . . . . .	1,310,281	1,354,699	102,139	1,548,704	19,964	1,342,265	1,394,442	105,337
Possessions . . . . .	16	12	0	11	0	15,779	14,644	0

1/ Loans are classified according to location of bank and therefore are not strictly comparable by States with data for other lenders which are classified according to location of security or borrower.

2/ Loans secured by agricultural commodities covered by purchase agreements of the Commodity Credit Corporation, as reported by banks.

3/ Loans of all banks, as reported by the Comptroller, were less than loans of insured banks reported by FDIC. The larger figure was used.

4/ Revised.

Table 17.- Non-real-estate loans: Amounts held by production credit associations, private financing institutions discounting with the Federal intermediate credit banks, and the Regional Agricultural Credit Corporation, by States, on specified dates, 1946-47 <sup>1/</sup>

State and division	Production credit associations 2/			Private financing institutions 3/			Regional Agricultural Credit Corporation 4/		
	1946	1947 5/		1946	1947		1946	1947	
	January 1	January 1	July 1	January 1	January 1	July 1	January 1	January 1	July 1
	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.
Maine . . . . .	1,079	1,467	2,438	79	125	157	59	26	19
New Hampshire . . . . .	333	412	542	0	0	0	37	13	9
Vermont . . . . .	1,872	2,286	2,664	262	256	260	5	3	3
Massachusetts . . . . .	959	1,286	1,850	106	274	348	10	3	2
Rhode Island . . . . .	238	214	297	0	0	0	2	2	2
Connecticut . . . . .	1,587	1,657	2,123	16	0	0	7	2	2
New England . . . . .	6,068	7,322	9,914	463	655	765	120	69	37
New York . . . . .	9,327	11,944	16,097	63	47	110	174	101	71
New Jersey . . . . .	1,336	1,729	3,094	1	6	36	11	7	2
Pennsylvania . . . . .	4,351	5,600	7,344	0	0	0	138	73	65
Middle Atlantic . . . . .	15,014	19,273	26,535	64	53	146	323	181	138
Ohio . . . . .	7,430	9,271	11,848	563	759	831	35	23	21
Indiana . . . . .	8,959	10,218	13,397	371	326	300	42	23	17
Illinois . . . . .	10,888	11,936	13,651	701	701	980	15	9	9
Michigan . . . . .	2,499	2,824	4,009	27	10	25	92	37	35
Wisconsin . . . . .	5,500	5,810	7,439	861	874	1,047	96	27	23
West North Central . . . . .	35,276	40,059	50,344	2,523	2,670	3,183	280	119	105
Minnesota . . . . .	6,482	6,482	7,491	1,313	1,258	1,463	254	113	87
Iowa . . . . .	6,663	7,361	6,643	515	590	285	67	34	28
Missouri . . . . .	7,205	8,081	10,309	281	321	490	78	52	43
North Dakota . . . . .	1,479	1,719	2,918	287	224	336	203	93	83
South Dakota . . . . .	3,299	3,249	3,597	216	205	447	111	49	43
Nebraska . . . . .	4,844	4,411	4,678	195	242	173	159	85	53
Kansas . . . . .	3,383	4,493	5,510	283	373	230	202	114	109
West North Central . . . . .	33,355	35,796	41,146	3,090	3,213	3,424	1,074	540	446
Delaware . . . . .	364	452	704	0	0	0	2	2	1
Maryland . . . . .	1,759	2,868	3,735	0	0	0	79	37	35
District of Columbia . . . . .	0	0	0	0	0	0	0	0	0
Virginia . . . . .	2,379	2,775	4,708	0	0	5	77	50	42
West Virginia . . . . .	830	968	1,269	0	0	0	16	7	6
North Carolina . . . . .	3,193	4,093	16,553	0	0	299	24	17	15
South Carolina . . . . .	1,847	1,968	8,500	0	0	39	43	21	20
Georgia . . . . .	4,361	5,715	15,183	0	0	0	177	79	69
Florida . . . . .	4,489	6,220	5,436	228	241	287	72	35	35
South Atlantic . . . . .	19,222	25,059	56,088	228	241	630	490	248	223
Kentucky . . . . .	4,502	5,232	6,269	36	0	11	19	12	10
Tennessee . . . . .	3,248	3,421	5,398	717	620	1,046	57	23	22
Alabama . . . . .	3,026	3,219	7,412	179	187	298	25	17	12
Mississippi . . . . .	5,143	7,264	17,304	3,866	6,886	5,275	38	15	13
East South Central . . . . .	15,919	19,136	36,389	4,798	7,693	6,630	139	67	57
Arkansas . . . . .	2,879	2,965	11,115	424	534	442	112	61	52
Louisiana . . . . .	2,787	3,609	10,224	364	700	1,190	70	20	16
Oklahoma . . . . .	3,588	4,627	6,179	1,405	1,260	2,015	428	313	287
Texas . . . . .	22,667	28,812	41,025	7,089	8,127	9,750	349	119	84
West South Central . . . . .	31,921	40,013	68,543	9,282	10,621	13,397	959	513	439
Montana . . . . .	5,026	4,250	8,530	343	252	339	98	14	11
Idaho . . . . .	3,987	4,382	7,665	60	113	204	107	13	11
Wyoming . . . . .	1,894	2,436	4,009	305	387	653	97	44	34
Colorado . . . . .	4,865	6,370	8,232	708	902	876	239	85	67
New Mexico . . . . .	1,807	2,068	3,134	492	630	674	112	85	77
Arizona . . . . .	2,008	2,565	1,915	466	460	1,939	1	1	1
Utah . . . . .	2,015	2,057	3,195	1,581	1,547	2,415	33	24	24
Nevada . . . . .	626	570	801	30	116	99	56	0	0
Mountain . . . . .	22,228	24,698	37,481	3,985	4,407	7,199	743	266	225
Washington . . . . .	2,286	2,727	4,252	167	172	399	1,560	360	349
Oregon . . . . .	3,975	4,870	8,110	0	0	0	49	29	25
California . . . . .	9,524	11,069	18,478	1,887	1,976	2,557	414	177	87
Pacific . . . . .	15,785	18,666	30,840	2,054	2,148	2,956	2,023	566	461
UNITED STATES . . . . .	194,788	230,022	357,280	26,487	31,701	38,330	6,151	6/ 2,560	1/ 2,135
Puerto Rico . . . . .	4,103	3,885	4,725	1,383	2,543	197	0	0	0

<sup>1/</sup> Excludes loans secured by agricultural commodities covered by purchase agreements of the Commodity Credit Corporation.

<sup>2/</sup> Includes all loans of PCA's, both discounted and not discounted with Federal intermediate credit banks.

<sup>3/</sup> Largely livestock loan companies and agricultural credit corporations. Includes only loans from and discounts with Federal intermediate credit banks.

<sup>4/</sup> In addition to food production loans, includes special loans in the Wenatchee area of the State of Washington and a small amount outstanding in connection with old programs now in liquidation.

<sup>5/</sup> Excludes data for associations which have been placed in liquidation.

<sup>6/</sup> Includes \$11,000 not allocable by States.

<sup>7/</sup> Includes \$4,000 not allocable by States.



Table 18.- Non-real-estate loans: Amounts of emergency crop and feed loans, and production and subsistence loans held by Farmers Home Administration, by States, January 1, and July 1, 1946-47

State and division	Emergency crop and feed loans 2/				Production and subsistence loans 3/			
	1946		1947		1946		1947	
	January 1	July 1	January 1	July 1	January 1	July 1	January 1	July 1
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine . . . . .	667	912	657	555	3,743	4,141	3,747	4,010
New Hampshire . . . . .	36	50	39	34	985	1,006	997	993
Vermont . . . . .	71	85	77	62	864	852	988	956
Massachusetts . . . . .	44	64	43	33	543	597	591	636
Rhode Island . . . . .	4/	4/	4/	4/	130	140	122	120
Connecticut . . . . .	17	29	18	13	289	256	264	245
New England . . . . .	835	1,140	834	697	6,554	6,992	6,709	6,960
New York . . . . .	199	284	194	176	5,888	6,689	6,692	6,503
New Jersey . . . . .	66	77	63	60	1,530	1,909	1,858	2,027
Pennsylvania . . . . .	599	693	523	462	4,603	5,252	5,015	4,895
Middle Atlantic . . . . .	864	1,054	780	698	12,021	13,850	13,565	13,425
Ohio . . . . .	298	371	279	234	5,034	4,934	4,679	4,420
Indiana . . . . .	336	327	274	241	4,042	4,271	3,907	3,673
Illinois . . . . .	252	303	225	181	6,475	6,739	6,509	5,875
Michigan . . . . .	462	459	440	435	5,081	6,435	6,842	6,660
Wisconsin . . . . .	1,064	977	907	883	6,255	7,380	6,238	6,703
East North Central . . . . .	2,412	2,437	2,125	1,974	26,887	29,759	28,875	27,331
Minnesota . . . . .	5,341	5,249	4,786	4,577	11,372	11,939	10,912	10,105
Iowa . . . . .	362	404	338	283	7,724	8,159	7,603	6,499
Missouri . . . . .	1,947	1,929	1,745	1,609	8,297	9,964	9,216	8,990
North Dakota . . . . .	35,441	34,536	32,538	31,779	5,152	6,195	5,401	6,474
South Dakota . . . . .	21,011	20,372	18,612	16,629	12,813	12,813	11,213	10,818
Nebraska . . . . .	5,053	4,789	4,339	3,771	8,299	8,620	8,178	7,322
Kansas . . . . .	6,127	5,804	5,348	5,247	7,658	8,714	8,162	8,136
West North Central . . . . .	75,282	73,083	67,706	61,895	60,759	66,404	60,685	58,344
Delaware . . . . .	60	69	50	45	302	393	393	399
Maryland . . . . .	339	380	320	304	1,460	1,887	1,903	2,005
District of Columbia . . . . .	0	0	0	0	17	17	15	17
Virginia . . . . .	1,680	2,088	1,610	1,519	2,638	2,973	2,467	3,388
West Virginia . . . . .	337	386	306	240	1,656	1,701	1,527	1,682
North Carolina . . . . .	1,458	2,879	1,360	1,249	5,098	8,581	4,829	10,240
South Carolina . . . . .	2,547	4,702	2,108	2,052	7,577	8,774	6,780	11,118
Georgia . . . . .	2,567	3,775	2,397	2,326	13,519	14,735	12,491	16,061
Florida . . . . .	1,421	1,415	1,364	1,301	5,135	5,260	5,014	5,473
South Atlantic . . . . .	10,409	15,894	9,515	9,038	37,402	44,321	35,419	50,383
Kentucky . . . . .	913	921	803	615	3,302	3,427	3,523	3,812
Tennessee . . . . .	867	1,097	780	717	2,313	2,664	2,288	3,188
Alabama . . . . .	1,820	2,208	1,732	1,701	13,871	15,205	13,486	15,616
Mississippi . . . . .	1,902	2,343	1,848	1,785	12,016	14,183	12,977	15,339
East South Central . . . . .	5,502	6,569	5,163	4,818	31,502	35,479	32,274	37,955
Arkansas . . . . .	3,178	3,897	3,178	3,094	10,567	12,463	10,676	13,254
Louisiana . . . . .	1,759	2,579	1,686	1,827	7,966	9,526	8,346	10,290
Oklahoma . . . . .	2,125	2,083	1,779	1,744	15,676	18,402	16,858	17,310
Texas . . . . .	8,986	9,617	8,264	8,020	24,852	28,757	27,073	28,920
West South Central . . . . .	16,048	18,176	15,107	14,695	59,061	69,148	62,953	69,774
Montana . . . . .	8,779	8,441	7,924	7,763	6,230	6,942	6,018	6,517
Idaho . . . . .	511	515	426	396	3,740	4,938	4,388	4,580
Wyoming . . . . .	1,129	1,109	979	862	5,651	6,318	5,054	5,321
Colorado . . . . .	2,815	2,579	2,376	2,299	8,258	8,807	7,822	8,529
New Mexico . . . . .	2,134	2,133	1,892	1,852	3,462	4,230	3,910	4,213
Arizona . . . . .	184	202	156	142	987	1,043	953	1,012
Utah . . . . .	673	634	585	571	2,801	3,077	2,888	3,090
Nevada . . . . .	20	19	19	18	370	399	402	416
Mountain . . . . .	16,245	15,632	14,357	13,903	31,499	35,754	31,495	33,678
Washington . . . . .	695	670	614	599	4,439	4,747	4,513	4,541
Oregon . . . . .	263	263	229	217	2,499	2,839	2,896	2,979
California . . . . .	343	338	300	280	5,657	5,995	5,915	6,036
Pacific . . . . .	1,301	1,271	1,143	1,096	12,595	13,581	13,324	13,556
UNITED STATES . . . . .	5/ 128,901	5/ 135,259	5/ 116,733	110,814	278,280	315,288	285,299	311,406
Possessions . . . . .	1,605	1,974	1,387	535	2,415	2,495	2,618	3,426

1/ Successor to the Farm Security Administration

2/ Includes seed, feed, crop production, drought relief and orchard rehabilitation loans made by the Crop and Feed Loan Office of the Farm Credit Administration and its predecessors; transferred to Farmers Home Administration on October 31, 1946, for liquidation.

3/ Includes rural rehabilitation loans in liquidation since October 31, 1946; also includes water facility loans.

4/ Less than \$500.

5/ Includes \$3,000 not allocable by States.

Farmers Home Administration.

Table 19.- Commodity Credit Corporation: Loan programs from date of organization to July 1, 1947, and loans outstanding on July 1, 1947, by commodities

Commodity program	Total loans made <sup>1/</sup>			Loans outstanding July 1, 1947 <sup>2/</sup>				
	Amount	Commodities pledged		Held by Commodity Credit Corporation	Held by private lending agencies	Total	Commodities pledged	
		Quantity	Unit				Quantity	Unit
	1,000 dollars	1,000 units		1,000 dollars	1,000 dollars	1,000 dollars	1,000 units	
Cotton:								
1933-45 . . . . .	2,069,162	31,242	Bale	507	0	507	6	Bale
1946 . . . . .	17,761	145	do.	174	1,402	1,576	12	do.
Total . . . . .	2,086,923	31,387	do.	681	1,402	2,083	18	do.
Corn:								
1933-45 . . . . .	695,037	1,213,581	Bu.	0	0	0	0	Bu.
1946 . . . . .	28,031	29,879	do.	106	16,919	17,025	15,742	do.
Total . . . . .	723,068	1,243,460	do.	106	16,919	17,025	15,742	do.
Wheat:								
1933-45 . . . . .	1,691,334	1,676,601	do.	0	0	0	0	do.
1946 . . . . .	31,795	21,993	do.	41	913	954	690	do.
Total . . . . .	1,723,129	1,698,594	do.	41	913	954	690	do.
Tobacco:								
1931-45 . . . . .	38,119	238,771	Lb.	1,627	0	1,627	5,190	Lb.
1946 . . . . .	85,215	245,702	do.	70,110	14,428	84,538	241,518	do.
Total . . . . .	123,334	484,473	do.	71,737	14,428	86,165	246,708	do.
Barley:								
1940-45 . . . . .	21,517	44,087	Bu.	0	0	0	0	Bu.
1946 . . . . .	374	491	do.	1	25	26	75	do.
Total . . . . .	21,891	44,578	do.	1	25	26	75	do.
Dates:								
1937 . . . . .	61	1,533	Lb.	0	0	0	0	Lb.
Figs:								
1937-39 . . . . .	260	14.6	Ton	0	0	0	0	Ton
Flaxseed:								
1941-45 . . . . .	6,850	3,109	Bu.	0	0	0	0	Bu.
1946 . . . . .	67	24	do.	0	8	8	3	do.
Total . . . . .	6,917	3,133	do.	0	8	8	3	do.
Grain sorghums:								
1940-45 . . . . .	7,095	6,813	do.	0	0	0	0	Lb.
1946 . . . . .	156	251	do.	1	0	1	51	do.
Total . . . . .	7,251	7,064	do.	1	0	1	51	do.
Hemp:								
1938 . . . . .	1,368	7,077	Lb.	0	0	0	0	Lb.
Peanuts:								
1937-45 . . . . .	66,234	557	Ton	0	0	0	0	do.
1946 . . . . .	34,384	200	do.	0	3,527	3,527	39,255	do.
Total . . . . .	100,618	757	do.	0	3,527	3,527	39,255	do.
Pecans:								
1938 . . . . .	371	3,705	Lb.	0	0	0	0	Lb.
Prunes:								
1937-40 . . . . .	5,137	170	Ton	0	0	0	0	Ton
Raisins:								
1937-40 . . . . .	2,079	237.3	do.	0	0	0	0	do.
Rye:								
1937-44 . . . . .	6,703	13,654	Bu.	0	0	0	0	Bu.
Soybeans:								
1941-45 . . . . .	6,392	4,145	do.	0	0	0	0	do.
1946 . . . . .	13,322	6,456	do.	0	947	947	450	do.
Total . . . . .	19,714	10,601	do.	0	947	947	450	do.
Wool and mohair:								
1938-39 . . . . .	16,630	93,978	Lb.	0	0	0	0	Lb.
Nevel stores:								
1944-45 turpentine . . . . .	11,746	681.01	Hbl.	0	0	0	0	Hbl.
1947 . . . . .	26	.81	do.	26	0	26	43	Gal.
Total . . . . .	11,772	681.81	do.	26	0	26	43	do.
1944-45 resin . . . . .	23,554	238.61	Drum	0	0	0	0	Drum
Butter:								
1938-40 . . . . .	32,156	127,166	Lb.	0	0	0	0	Lb.
Misc. seeds:								
1943-45 . . . . .	2,812	39,621	do.	0	0	0	0	do.
1946 . . . . .	564	7,035	do.	11	0	11	36	do.
Total . . . . .	3,376	46,656	do.	11	0	11	36	do.
Dry beans:								
1943 . . . . .	2,544	495	Cwt.	0	0	0	0	Cwt.
1943-44 . . . . .	390	95	do.	0	0	0	0	do.
Potatoes:								
1943-45 . . . . .	53,409	44,002	do.	0	0	0	0	do.
1946 . . . . .	63,891	68,800	do.	9,671	336	10,007	17,877	Lb.
Total . . . . .	117,300	112,802	do.	9,671	336	10,007	17,877	do.
Cats:								
1945 . . . . .	1,275	2,933	Bu.	0	0	0	0	Bu.
1946 . . . . .	164	788	do.	1	57	58	126	do.
Total . . . . .	1,439	3,721	do.	1	57	58	126	do.
Flax fiber:								
1946 . . . . .	227	1,054	Lb.	527	0	527	1,054	Lb.
Other:								
1946 . . . . .	2/ 10,608	-	-	0	0	0	-	-
GRAND TOTAL . . . . .	5,070,695	-	-	82,803	38,592	121,395	-	-

<sup>1/</sup>Includes loans made directly by Commodity Credit Corporation and guaranteed loans made by banks and other lending agencies. Renewals and extensions of loans previously made are excluded. These are face amounts only; advances for storage, handling and transportation are excluded.

<sup>2/</sup>Book values of outstanding loans held by the Corporation represent face amounts. With the exception of loans on tobacco, loans held by private lending agencies are face amounts only. Accrued charges are excluded.

<sup>3/</sup>Includes American-Egyptian cottonseed, 1943; fiber flax; foreign purchase; hemp seed harvesting equipment, 1942; linseed oil, 1942; olive oil, 1942-43; Raisin Producers Association; war hemp; and peanut equipment.

Commodity Credit Corporation.

Table 20.- Commodity Credit Corporation: Loans made on selected commodities, by States, year ended June 30, 1947 1/

State and division	Cotton	Corn	Wheat	Peanuts	Potatoes	Other	Total
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine . . . . .	0	0	0	0	30,057	0	30,057
New Hampshire . . . . .	0	0	0	0	210	0	210
Vermont . . . . .	0	0	0	0	123	0	123
Massachusetts . . . . .	0	0	0	0	580	0	580
Rhode Island . . . . .	0	0	0	0	375	0	375
Connecticut . . . . .	0	0	0	0	923	0	923
New England . . . . .	0	0	0	0	32,268	0	32,268
New York . . . . .	0	0	0	0	4,694	0	4,694
New Jersey . . . . .	0	0	3	0	26	0	29
Pennsylvania . . . . .	0	0	35	0	976	0	1,011
Middle Atlantic . . . . .	0	0	38	0	5,696	0	5,734
Ohio . . . . .	0	157	145	0	76	2,513	2,891
Indiana . . . . .	0	497	5	0	126	1,033	1,661
Illinois . . . . .	0	2,197	2	0	0	3,830	6,029
Michigan . . . . .	0	2	43	0	2,590	1	2,636
Wisconsin . . . . .	0	2	0	0	461	442	905
East North Central . . . . .	0	2,855	195	0	3,253	7,819	14,122
Minnesota . . . . .	0	309	441	0	4,107	54	4,911
Iowa . . . . .	0	15,113	12	0	100	3,320	18,545
Missouri . . . . .	241	729	27	0	0	376	1,373
North Dakota . . . . .	0	115	4,239	0	5,062	162	9,578
South Dakota . . . . .	0	572	4,337	0	501	450	5,860
Nebraska . . . . .	0	7,714	3,715	0	1,171	42	12,642
Kansas . . . . .	0	414	1,939	0	10	17	2,380
West North Central . . . . .	241	24,966	14,710	0	10,951	4,421	55,289
Delaware . . . . .	0	10	42	0	0	0	52
Maryland . . . . .	0	3	113	0	0	0	116
Dist. of Columbia . . . . .	0	0	0	0	0	0	0
Virginia . . . . .	1	0	1	0	0	1,778	1,780
West Virginia . . . . .	0	0	0	0	0	0	0
North Carolina . . . . .	220	0	0	0	0	22,719	22,939
South Carolina . . . . .	720	0	0	0	0	742	1,462
Georgia . . . . .	2,440	0	0	20,494	0	355	23,289
Florida . . . . .	0	0	0	4,312	0	193	4,505
South Atlantic . . . . .	3,381	13	156	24,806	0	25,787	54,143
Kentucky . . . . .	0	203	0	0	0	44,665	44,868
Tennessee . . . . .	917	0	0	0	0	17,388	18,305
Alabama . . . . .	3,132	0	0	3,638	14	28	6,812
Mississippi . . . . .	1,765	0	0	0	6	0	1,771
East South Central . . . . .	5,814	203	0	3,638	20	62,081	71,756
Arkansas . . . . .	1,719	0	0	0	0	0	1,719
Louisiana . . . . .	381	0	0	0	0	14	395
Oklahoma . . . . .	771	0	188	2,274	0	7	3,240
Texas . . . . .	4,481	0	378	2,926	0	471	8,256
West South Central . . . . .	7,352	0	566	5,200	0	492	13,610
Montana . . . . .	0	0	1,849	0	248	29	2,126
Idaho . . . . .	0	0	2,728	0	5,092	7	7,827
Wyoming . . . . .	0	0	476	0	722	7	1,205
Colorado . . . . .	0	2	1,137	0	1,956	3	3,098
New Mexico . . . . .	402	0	57	779	0	14	1,252
Arizona . . . . .	380	0	0	0	0	0	380
Utah . . . . .	0	0	512	0	348	5	865
Nevada . . . . .	0	0	0	0	77	0	77
Mountain . . . . .	782	2	6,759	779	8,443	65	16,830
Washington . . . . .	0	0	6,732	0	537	5	7,274
Oregon . . . . .	0	0	2,514	0	1,686	622	4,822
California . . . . .	192	0	93	0	1,064	0	1,349
Pacific . . . . .	192	0	9,339	0	3,287	627	13,445
Unallocated . . . . .	679	0	0	0	0	0	679
UNITED STATES . . . . .	18,441	28,039	31,763	34,423	63,918	101,292	277,876

1/ Includes loans made directly by the Commodity Credit Corporation and guaranteed loans made by other lending agencies.

Commodity Credit Corporation.

Table 21.- Loans to farmers' cooperative organizations held by selected lending agencies.

Table 21.- Loans to farmers' cooperative organizations held by selected lending agencies,  
United States, 1929-47 <sup>1/</sup>

Beginning of year or month	Agencies supervised by Farm Credit Administration			Rural Electrification Administration	Farmers Home Administration <sup>2/</sup>	Commodity Credit Corporation
	Federal intermediate credit banks	Banks for cooperatives	Agricultural Marketing Act revolving fund			
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1929	36,174					
1930	26,073		14,510			
1931	64,377		136,698			
1932	45,177		156,280			
1933	9,866		158,885			
1934	15,211	18,697	157,752			0
1935	33,969	27,851	54,863		0	0
1936	2,731	50,013	44,433	10	1,515	0
1937	1,641	69,647	53,754	2,456	2,603	7,532
1938	1,813	87,633	30,982	30,015	3,732	9,676
1939	920	87,496	23,723	79,350	8,412	49,499
1940	1,835	76,252	20,547	169,122	11,550	26,845
1941	1,490	74,741	16,461	232,086	15,125	27,931
1942	2,152	113,444	16,914	3/ 304,407	25,388	14,369
1943	2,000	144,644	12,551	3/ 328,235	34,195	10,325
1944	2,000	235,174	7,351	3/ 331,318	29,805	3,655
1945	700	212,835	3,067	3/ 345,688	25,059	1,552
1946:						
Jan.	2,042	157,545	2,693	3/ 391,137	3/ 17,237	737
Apr.	2,862	138,327	2,688	4/ 435,353	3/ 15,917	4/ 683
July	1,184	114,550	2,687	4/ 13,099	3/ 14,547	4/ 683
Oct.	2,685	146,373	1,637			
1947:						
Jan.	4,151	181,550	2,232	509,604	12,227	3/ 645
Apr.	4,998	174,505	2,182	4/ 608,753	11,239	4/ 72,102
July	2,255	155,259	1,382		10,878	

<sup>1/</sup> Includes loans made in possessions. <sup>2/</sup> Formerly the Farm Security Administration. <sup>3/</sup> Revised.

<sup>4/</sup> Data unavailable.

Table 22.- Rural Electrification Administration: Loans made during 1945 and 1946 and loans outstanding January 1, 1946 and 1947

State and division	Loans made during year 1/				Loans outstanding			
	1945		1946		January 1, 1946		January 1, 1947	
	To co-operatives 2/ 1,000 dol.	To others 3/ 1,000 dol.	To co-operatives 2/ 1,000 dol.	To others 3/ 1,000 dol.	To co-operatives 2/ 1,000 dol.	To others 3/ 1,000 dol.	To co-operatives 2/ 1,000 dol.	To others 3/ 1,000 dol.
Maine . . . . .	98	0	119	0	612	0	725	0
New Hampshire . . . . .	32	0	289	0	1,449	0	1,738	0
Vermont . . . . .	236	0	496	0	1,258	0	1,742	0
Massachusetts . . . . .	0	0	0	0	0	0	0	0
Rhode Island . . . . .	0	0	0	0	0	0	0	0
Connecticut . . . . .	0	0	0	0	0	0	0	0
New England . . . . .	366	0	904	0	3,319	0	4,205	0
New York . . . . .	500	0	148	0	1,824	0	1,956	0
New Jersey . . . . .	27	0	61	0	468	0	511	0
Pennsylvania . . . . .	792	0	1,557	0	10,214	0	11,506	0
Middle Atlantic . . . . .	1,319	0	1,766	0	12,506	0	13,973	0
Ohio . . . . .	1,394	0	2,637	0	18,830	0	20,725	0
Indiana . . . . .	838	0	3,254	0	16,556	0	18,788	0
Illinois . . . . .	2,049	0	4,451	0	19,599	0	23,398	0
Michigan . . . . .	554	0	1,589	0	12,285	0	13,492	0
Wisconsin . . . . .	2,157	1	5,639	0	18,491	73	23,586	65
East North Central . . . . .	6,992	1	17,570	0	85,761	73	99,339	65
Minnesota . . . . .	2,752	0	6,183	0	25,700	0	31,010	0
Iowa . . . . .	4,599	0	7,309	0	27,136	56	33,746	47
Missouri . . . . .	6,129	0	8,580	0	25,121	77	33,231	77
North Dakota . . . . .	667	0	4,595	0	3,857	0	8,353	0
South Dakota . . . . .	323	0	3,350	0	2,199	0	5,487	0
Nebraska . . . . .	70	1,447	669	2,635	110	11,860	760	14,118
Kansas . . . . .	1,401	0	4,318	0	2,158	0	13,282	0
West North Central . . . . .	15,941	1,447	35,204	2,635	91,261	11,993	126,929	14,262
Delaware . . . . .	62	0	78	0	904	0	942	0
Maryland . . . . .	975	0	432	0	2,470	0	2,871	0
Virginia . . . . .	1,444	0	3,617	0	10,109	130	13,493	121
West Virginia . . . . .	32	0	39	0	711	0	749	0
North Carolina . . . . .	1,844	0	4,758	0	11,469	220	15,981	202
South Carolina . . . . .	927	0	2,657	0	8,197	230	10,735	221
Georgia . . . . .	952	0	4,441	0	14,544	56	18,441	50
Florida . . . . .	680	0	3,117	0	3,856	87	6,920	78
South Atlantic . . . . .	6,916	0	19,139	0	52,260	723	70,132	672
Kentucky . . . . .	1,022	0	4,146	0	11,598	0	15,353	0
Tennessee . . . . .	1,290	0	4,250	148	10,418	581	14,275	644
Alabama . . . . .	831	0	2,402	0	9,563	195	11,657	178
Mississippi . . . . .	1,841	0	4,334	0	11,399	0	15,448	0
East South Central . . . . .	4,986	0	15,132	148	42,978	776	56,733	872
Arkansas . . . . .	1,895	0	4,542	0	9,709	0	13,970	100
Louisiana . . . . .	2,176	0	2,902	0	10,283	0	13,125	0
Oklahoma . . . . .	3,205	0	5,698	0	13,423	111	18,946	0
Texas . . . . .	6,711	31	14,310	0	31,754	525	49,448	152
West South Central . . . . .	11,989	31	27,452	0	69,169	636	95,525	252
Montana . . . . .	461	0	2,720	0	3,197	0	5,803	0
Idaho . . . . .	112	0	837	0	3,165	0	3,730	0
Wyoming . . . . .	288	0	710	0	2,445	66	3,092	62
Colorado . . . . .	1,237	0	2,195	4/	8,406	28	10,402	27
New Mexico . . . . .	594	5	1,687	3	1,708	198	3,378	193
Arizona . . . . .	162	2	332	1	998	100	1,313	0
Utah . . . . .	202	0	157	0	1,107	0	1,254	0
Nevada . . . . .	0	7	0	8	0	133	0	124
Mountain . . . . .	3,056	14	8,644	12	21,026	525	28,972	406
Washington . . . . .	384	351	1,001	295	4,992	1,141	6,141	1,133
Oregon . . . . .	1,139	0	2,087	69	4,213	0	5,241	69
California . . . . .	74	0	119	0	1,259	516	1,367	476
Pacific . . . . .	1,597	351	3,207	364	10,464	1,657	13,749	1,678
UNITED STATES . . . . .	55,164	1,844	129,018	3,159	390,744	16,383	509,217	18,187
Possessions 5/ . . . . .	4	0	11	0	393	209	387	210

1/ Gross advances before deducting returns of unused loan funds, totaling \$40,000 and \$49,600 in 1945 and 1946, respectively, by cooperatives, and \$1,000 and \$1,400, respectively, by other borrowers.

2/ Of the individuals served by these cooperatives approximately 77 percent in 1945 and 76.7 percent in 1946 were farmers.

3/ Principally loans to public bodies and to power companies for rural electrification.

4/ Less than \$500.

5/ Alaska and Virgin Islands.

Rural Electrification Administration.



Table 23.- Taxes levied on farm property and automotive taxes paid by farmers, United States, average 1909-13, annual 1924-46

Year	Property taxes levied 1/		Automotive taxes paid		
	Farm real estate	Farm personal property 2/	Licenses and permits 3/	Motor fuel taxes 4/	
				State	Federal
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1909-13 average .....	184,315	28,437	5/ 1.195		
1924 .....	511,370	62,938	36,084	11,612	
1925 .....	516,790	62,622	41,127	21,896	
1926 .....	525,564	63,786	45,446	28,209	
1927 .....	544,690	65,417	47,626	37,294	
1928 .....	555,635	69,594	50,310	42,680	
1929 .....	567,493	73,323	52,808	55,626	
1930 .....	566,956	71,082	55,092	63,108	
1931 .....	526,454	54,678	53,217	61,873	
1932 .....	461,670	42,779	49,831	56,895	8,953
1933 .....	399,168	34,377	44,713	56,687	22,627
1934 .....	384,842	35,146	44,815	60,586	18,821
1935 .....	393,878	36,758	46,948	69,745	20,504
1936 .....	396,277	39,886	50,830	70,570	21,438
1937 .....	406,967	41,203	56,161	74,959	23,139
1938 .....	401,996	42,108	55,702	76,057	24,292
1939 .....	408,565	42,949	56,472	77,771	26,105
1940 5/ .....	401,780	43,885	58,723	79,265	35,850
1941 5/ .....	406,413	50,283	62,906	81,761	45,382
1942 5/ .....	401,771	56,795	97,599	76,661	46,034
1943 5/ .....	403,008	69,475	85,893	72,843	46,556
1944 5/ .....	421,476	73,628	86,680	74,545	49,080
1945 5/ .....	471,181	83,000	89,039	81,184	52,480
1946 5/ .....	524,621	92,000	73,000	90,000	56,000

1/ Levies rather than payments are shown for property taxes because data for payments are not available for many States. For the country as a whole levies and payments probably are about equal over long periods.

2/ Includes taxes levied on motor vehicles under general property tax laws.

3/ Includes Federal use tax from 1942 through 1945.

4/ State taxation of motor fuel began in 1919, Federal in 1932.

5/ 1910-14 average.

6/ Revised.

7/ Preliminary.

Table 24.- Tax levies on farm real estate: Amount per acre, index numbers of amount per acre, and amount per \$100 of value, United States, 1890-1946

Year	Taxes per acre		Taxes per \$100 of value 2/	Year	Taxes per acre		Taxes per \$100 of value 2/
	Amount	Index 1/ (1909-11 = 100)			Amount	Index 1/ (1909-11 = 100)	
	Dollars	Percent			Dollars	Percent	
1890	0.13	63		1920	.51	244	.73
1891	.13	63		1921	.54	259	.94
1892	.13	64		1922	.54	261	.96
1893	.13	65		1923	.58	266	1.01
1894	.13	64		1924	.55	265	1.03
1895	.14	65		1925	.56	270	1.07
1896	.13	63		1926	.56	271	1.12
1897	.13	64		1927	.57	277	1.15
1898	.13	63		1928	.58	279	1.18
1899	.13	63		1929	.58	281	1.19
1900	.13	62		1930	.57	277	1.10
1901	.13	64		1931	.53	254	1.04
1902	.14	65		1932	.46	220	1.54
1903	.15	71		1933	.39	186	1.28
1904	.15	72		1934	.37	178	1.19
1905	.15	74		1935	.37	180	1.15
1906	.15	75		1936	.38	181	1.16
1907	.16	79		1937	.39	186	1.19
1908	.17	84		1938	.38	183	1.19
1909	.19	90	0.48	1939	.39	186	1.23
1910	.19	91	.47	1940 1/	.38	183	1.22
1911	.21	99	.50	1941 1/	.38	182	1.18
1912	.21	103	.49	1942 1/	.37	177	1.08
1913	.24	117	.55	1943 1/	.36	175	.95
1914	.24	118	.56	1944 1/	.37	181	.91
1915	.26	128	.57	1945 1/	.41	199	.90
1916	.28	136	.57	1946	.46	222	.90
1917	.31	151	.58				
1918	.33	160	.57				
1919	.41	200	.59				

1/ Index numbers computed before rounding tax-per-acre data.

2/ Derived from the tax-per-acre figures in column 1 and value-per-acre figures based on Census reports and the farm real estate value index of the Bureau of Agricultural Economics.

3/ Revised.

Table 25- Tax levies on farm real estate: Amount per acre, by States, 1920, 1925, 1930, 1935 and 1940-46 1/

State and division	Average 1909-13	1920	1925	1930	1935	1940	1941	1942	1943	1944	1945	1946
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Maine . . . . .	0.28	0.55	0.62	0.81	0.75	0.84	0.84	0.85	0.85	0.90	1.01	1.08
New Hampshire . . . .	.31	.57	.69	.76	.81	.87	.87	.82	.78	.83	.88	.97
Vermont . . . . .	.21	.45	.51	.58	.45	.53	.54	.54	.55	.57	.59	.62
Massachusetts . . . .	.81	1.55	2.00	2.16	2.61	2.70	2.67	2.68	2.57	2.59	2.71	3.02
Rhode Island . . . . .	.46	.81	1.03	1.35	1.36	1.68	1.70	1.73	1.71	1.73	1.76	1.76
Connecticut . . . . .	.48	1.08	1.36	1.63	1.79	1.85	1.88	1.84	1.85	1.94	2.19	2.46
New England . . . . .	.37	.74	.90	1.03	1.09	1.16	1.16	1.15	1.13	1.17	1.26	1.38
New York . . . . .	.41	.87	1.04	1.04	.95	1.09	1.09	1.07	1.03	1.03	1.06	1.14
New Jersey . . . . .	.72	1.50	2.18	2.74	2.03	2.21	2.20	2.17	2.14	2.15	2.23	2.39
Pennsylvania . . . . .	.49	.82	1.11	1.30	.97	.99	1.00	1.00	.99	1.01	1.05	1.05
Middle Atlantic . . . .	.46	.89	1.13	1.24	1.02	1.11	1.11	1.10	1.07	1.08	1.12	1.17
Ohio . . . . .	.47	1.07	1.31	1.36	.65	.68	.69	.69	.70	.72	.73	.79
Indiana . . . . .	.52	1.26	1.40	1.47	.69	.74	.76	.70	.74	.73	.82	.88
Illinois . . . . .	.40	.99	1.15	1.16	.79	.97	.97	.97	.97	1.01	1.06	1.36
Michigan . . . . .	.43	1.23	1.26	1.34	.46	.46	.46	.46	.47	.49	.54	.61
Wisconsin . . . . .	.34	1.04	.96	1.05	.75	.78	.81	.78	.78	.84	.96	1.09
East North Central . . .	.43	1.10	1.21	1.26	.69	.76	.77	.75	.76	.79	.85	.99
Minnesota . . . . .	.23	.76	.78	.87	.61	.66	.67	.67	.67	.72	.83	.90
Iowa . . . . .	.40	1.10	1.15	1.24	.94	.99	1.00	.96	.99	1.03	1.18	1.26
Missouri . . . . .	.14	.28	.43	.45	.32	.32	.32	.32	.32	.32	.33	.36
North Dakota . . . . .	.14	.44	.37	.38	.23	.22	.20	.17	.19	.19	.24	.19
South Dakota . . . . .	.13	.45	.44	.44	.23	.22	.21	.19	.19	.20	.23	.24
Nebraska . . . . .	.16	.42	.42	.44	.29	.30	.30	.29	.30	.32	.36	.41
Kansas . . . . .	.19	.42	.52	.55	.37	.36	.39	.36	.33	.32	.40	.45
West North Central . . .	.20	.54	.58	.61	.41	.42	.42	.40	.40	.42	.48	.51
Delaware . . . . .	.25	.68	.73	.50	.36	.31	.32	.33	.33	.33	.33	.33
Maryland . . . . .	.38	.72	.88	.93	.66	.80	.80	.78	.77	.79	.82	.86
Virginia . . . . .	.11	.23	.34	.34	.25	.26	.27	.27	.26	.27	.27	.28
West Virginia . . . . .	.12	.31	.43	.46	.16	.16	.16	.16	.16	.16	.16	.16
North Carolina . . . . .	.08	.34	.55	.59	.32	.37	.37	.38	.38	.38	.40	.41
South Carolina . . . . .	.13	.35	.39	.40	.30	.30	.29	.29	.25	.25	.24	.23
Georgia . . . . .	.11	.28	.29	.30	.23	.14	.15	.15	.15	.16	.18	.24
Florida . . . . .	.11	.46	.95	.70	.44	.51	.49	.51	.52	.56	.67	.87
South Atlantic . . . . .	.12	.33	.46	.45	.29	.29	.30	.30	.30	.31	.34	.39
Kentucky . . . . .	.15	.38	.40	.43	.30	.32	.32	.35	.35	.37	.38	.45
Tennessee . . . . .	.14	.40	.43	.47	.37	.38	.40	.40	.40	.41	.43	.45
Alabama . . . . .	.09	.19	.21	.25	.21	.20	.21	.21	.21	.22	.22	.22
Mississippi . . . . .	.14	.50	.59	.64	.53	.42	.42	.42	.41	.41	.45	.42
East South Central . . .	.13	.36	.41	.45	.35	.33	.34	.34	.34	.35	.37	.38
Arkansas . . . . .	.15	.33	.34	.32	.28	.29	.29	.30	.32	.33	.32	.31
Louisiana . . . . .	.15	.55	.57	.57	.45	.32	.35	.34	.34	.33	.34	.35
Oklahoma . . . . .	.19	.38	.42	.47	.23	.24	.24	.23	.23	.23	.24	.25
Texas . . . . .	.06	.16	.20	.23	.14	.14	.14	.14	.13	.14	.15	.15
West South Central . . .	.09	.24	.27	.30	.19	.18	.18	.18	.18	.18	.19	.19
Montana . . . . .	.06	.14	.13	.14	.11	.11	.10	.09	.09	.09	.10	.12
Idaho . . . . .	.24	.63	.58	.64	.45	.45	.44	.38	.42	.43	.52	.59
Wyoming . . . . .	.03	.09	.07	.09	.06	.06	.06	.05	.06	.06	.06	.07
Colorado . . . . .	.11	.27	.28	.28	.19	.19	.19	.18	.18	.18	.20	.21
New Mexico . . . . .	.02	.05	.06	.07	.05	.04	.04	.05	.04	.04	.05	.06
Arizona . . . . .	.06	.18	.19	.20	.13	.07	.07	.06	.06	.06	.08	.08
Utah . . . . .	.15	.47	.46	.52	.38	.31	.31	.28	.28	.28	.35	.36
Nevada . . . . .	.06	.21	.22	.15	.17	.15	.15	.15	.15	.17	.17	.18
Mountain . . . . .	.08	.20	.18	.19	.13	.12	.12	.11	.11	.11	.13	.14
Washington . . . . .	.28	.67	.61	.71	.41	.32	.30	.30	.32	.31	.43	.63
Oregon . . . . .	.15	.37	.37	.40	.32	.33	.25	.27	.21	.24	.26	.36
California . . . . .	.35	.93	1.07	1.14	.63	.83	.83	.79	.76	.87	.99	1.33
Pacific . . . . .	.29	.73	.78	.84	.49	.57	.54	.53	.50	.57	.66	.90
UNITED STATES . . . . .	.21	.51	.56	.57	.37	.38	.38	.37	.36	.37	.41	.46

1/ Revised 1940-45.

Table 26.- Tax levies on farm real estate: Index numbers of amount per acre, by States  
1920, 1925, 1930, 1935, 1940-46 <sup>1/</sup>  
(1909-13 = 100)

State and division	1920	1925	1930	1935	1940	1941	1942	1943	1944	1945	1946
Maine . . . . .	194	219	288	265	298	298	300	302	319	356	380
New Hampshire . . . . .	182	220	243	258	277	276	261	249	262	281	307
Vermont . . . . .	219	247	281	217	258	261	259	265	278	283	299
Massachusetts . . . . .	191	248	268	324	335	331	332	318	321	335	374
Rhode Island . . . . .	178	227	298	298	369	373	379	376	380	386	386
Connecticut . . . . .	223	282	337	371	383	388	382	383	402	453	509
New England . . . . .	198	242	277	292	311	311	309	304	315	339	370
New York . . . . .	211	252	252	230	264	265	258	250	249	258	277
New Jersey . . . . .	208	303	381	282	308	305	301	297	299	310	332
Pennsylvania . . . . .	168	227	267	200	202	206	205	202	207	216	215
Middle Atlantic . . . . .	191	244	268	220	240	241	237	232	233	242	253
Ohio . . . . .	229	280	292	140	147	148	148	151	155	157	169
Indiana . . . . .	241	269	282	132	143	146	134	143	139	158	169
Illinois . . . . .	249	289	291	199	244	244	243	244	254	266	342
Michigan . . . . .	284	292	310	106	107	107	105	109	114	124	140
Wisconsin . . . . .	306	280	309	221	229	237	229	229	246	280	319
East North Central . . . . .	257	281	293	160	176	178	174	178	184	198	231
Minnesota . . . . .	329	337	375	261	283	286	289	287	311	355	388
Iowa . . . . .	272	285	308	233	245	247	237	246	254	292	311
Missouri . . . . .	207	311	328	231	230	231	232	232	233	241	261
North Dakota . . . . .	309	265	265	161	156	138	121	137	134	167	137
South Dakota . . . . .	332	349	349	183	172	166	154	151	159	183	191
Nebraska . . . . .	261	266	277	184	189	190	184	187	201	228	255
Kansas . . . . .	224	275	292	199	193	208	194	176	172	215	238
West North Central . . . . .	269	290	304	207	210	211	203	203	210	242	258
Delaware . . . . .	275	292	201	146	126	130	134	133	131	134	133
Maryland . . . . .	191	233	245	175	211	212	205	203	209	216	229
Virginia . . . . .	210	308	305	226	240	243	243	240	246	247	255
West Virginia . . . . .	271	371	395	134	139	138	138	138	136	136	142
North Carolina . . . . .	424	700	748	405	463	473	475	482	486	503	517
South Carolina . . . . .	272	300	310	228	230	227	221	193	190	182	179
Georgia . . . . .	254	263	272	206	129	135	136	139	147	167	222
Florida . . . . .	424	875	632	411	476	457	472	482	521	622	804
South Atlantic . . . . .	274	379	375	237	244	247	249	249	259	280	320
Kentucky . . . . .	252	268	284	196	212	216	230	235	248	252	299
Tennessee . . . . .	285	309	339	267	277	288	288	288	294	307	321
Alabama . . . . .	212	236	286	239	230	235	237	239	243	247	246
Mississippi . . . . .	361	426	469	386	307	305	304	297	298	327	302
East South Central . . . . .	281	314	347	272	257	261	266	266	272	285	296
Arkansas . . . . .	227	232	217	195	196	201	206	216	223	221	216
Louisiana . . . . .	366	379	384	301	211	233	228	225	220	226	233
Oklahoma . . . . .	204	221	248	122	127	128	124	120	122	130	132
Texas . . . . .	274	352	409	251	237	236	249	232	239	268	260
West South Central . . . . .	252	290	319	198	186	188	193	185	189	204	201
Montana . . . . .	223	205	217	176	167	199	141	140	139	162	178
Idaho . . . . .	267	248	273	190	192	187	162	176	182	223	249
Wyoming . . . . .	277	217	275	172	172	174	165	175	181	193	208
Colorado . . . . .	245	253	256	170	173	173	163	161	164	178	191
New Mexico . . . . .	242	291	333	212	202	208	223	210	209	216	264
Arizona . . . . .	293	298	315	200	115	115	103	94	92	130	131
Utah . . . . .	311	304	346	250	203	202	188	185	187	233	235
Nevada . . . . .	340	348	238	263	238	244	246	233	262	270	279
Mountain . . . . .	244	225	237	165	152	149	137	137	139	161	174
Washington . . . . .	240	216	252	147	115	107	107	114	111	151	222
Oregon . . . . .	251	255	275	220	228	168	183	145	162	181	244
California . . . . .	262	301	321	178	233	231	224	215	246	280	375
Pacific . . . . .	253	269	290	171	196	186	183	174	195	228	310
UNITED STATES . . . . .	244	270	277	180	183	182	177	175	181	199	222

<sup>1/</sup> Revised 1940-45.

Table 27.- Tax levies on farm real estate: Amount per \$100 of value, by States, 1920, 1925, 1930, 1935, 1940-46 1/

State and division	Average 1909-13	1920	1925	1930	1935	1940	1941	1942	1943	1944	1945	1946
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Maine . . . . .	1.10	1.54	1.57	1.97	2.48	2.90	2.88	2.89	2.59	2.60	2.79	2.77
New Hampshire . . . . .	1.14	1.64	1.76	1.95	2.51	2.55	2.53	2.35	2.12	2.08	2.11	2.09
Vermont . . . . .	.85	1.17	1.42	1.59	1.55	1.80	1.86	1.77	1.71	1.66	1.55	1.41
Massachusetts . . . . .	1.15	1.59	1.76	1.65	2.28	2.48	2.45	2.42	2.14	2.03	2.00	2.18
Rhode Island . . . . .	.72	.99	1.06	1.09	1.18	1.41	1.40	1.43	1.31	1.29	1.19	1.08
Connecticut . . . . .	.72	1.08	1.15	1.07	1.30	1.33	1.29	1.25	1.17	1.18	1.20	1.20
New England . . . . .	.99	1.38	1.51	1.56	1.88	2.10	2.07	2.02	1.84	1.81	1.80	1.81
New York . . . . .	.75	1.33	1.46	1.53	1.68	2.02	2.03	1.85	1.76	1.66	1.56	1.45
New Jersey . . . . .	.83	1.29	1.46	1.70	1.64	1.75	1.63	1.50	1.42	1.33	1.27	1.21
Pennsylvania . . . . .	.86	1.14	1.49	1.77	1.70	1.73	1.72	1.65	1.58	1.50	1.50	1.34
Middle Atlantic . . . . .	.77	1.25	1.48	1.65	1.69	1.87	1.85	1.81	1.64	1.56	1.50	1.38
Ohio . . . . .	.66	1.11	1.53	1.90	1.07	1.03	.99	.94	.87	.85	.74	.71
Indiana . . . . .	.66	1.08	1.73	2.29	1.24	1.17	1.10	.94	.89	.82	.78	.77
Illinois . . . . .	.34	.55	.88	1.21	1.08	1.18	1.06	1.01	.89	.87	.82	.93
Michigan . . . . .	.87	1.62	1.81	2.09	1.00	.93	.87	.63	.75	.75	.72	.70
Wisconsin . . . . .	.57	1.04	1.14	1.50	1.39	1.57	1.56	1.47	1.35	1.38	1.45	1.46
East North Central . . . . .	.54	.91	1.29	1.67	1.16	1.19	1.11	1.03	.93	.92	.87	.90
Minnesota . . . . .	.46	.70	1.08	1.45	1.41	1.50	1.48	1.36	1.25	1.30	1.34	1.31
Iowa . . . . .	.38	.52	.81	1.15	1.21	1.27	1.22	1.10	.99	.98	1.00	.96
Missouri . . . . .	.26	.34	.75	.98	1.00	1.01	.95	.87	.81	.74	.68	.67
North Dakota . . . . .	.46	1.11	1.30	1.72	1.27	1.73	1.52	1.25	1.18	1.10	1.26	.91
South Dakota . . . . .	.31	.66	1.05	1.42	1.24	1.76	1.66	1.36	1.15	1.13	1.18	1.09
Nebraska . . . . .	.33	.52	.70	.85	.87	1.34	1.24	1.10	.94	.90	.91	.92
Kansas . . . . .	.45	.68	1.06	1.24	1.17	1.24	1.33	1.12	.92	.79	.91	.88
West North Central . . . . .	.38	.60	.90	1.20	1.16	1.34	1.29	1.13	1.00	.98	1.01	.96
Delaware . . . . .	.48	1.04	1.05	.69	.62	.49	.50	.46	.46	.42	.37	.32
Maryland . . . . .	.75	.99	1.12	1.19	1.13	1.21	1.17	1.05	.96	.94	.86	.76
Virginia . . . . .	.38	.43	.68	.77	.69	.64	.67	.63	.56	.51	.43	.40
West Virginia . . . . .	.41	.77	1.10	1.29	.60	.50	.49	.45	.42	.41	.36	.32
North Carolina . . . . .	.36	.71	1.09	1.48	.94	.99	.93	.93	.80	.71	.62	.55
South Carolina . . . . .	.49	.66	.96	1.27	1.23	1.00	.96	.94	.71	.63	.56	.48
Georgia . . . . .	.58	.79	1.09	1.28	1.33	.67	.71	.66	.59	.58	.59	.67
Florida . . . . .	.42	.86	.88	.88	.88	1.39	1.37	1.44	1.47	1.47	1.59	1.88
South Atlantic . . . . .	.47	.70	.97	1.14	.95	.86	.87	.83	.75	.71	.68	.68
Kentucky . . . . .	.50	.73	.92	1.09	.99	.87	.81	.81	.76	.72	.63	.63
Tennessee . . . . .	.54	.89	1.02	1.24	1.17	1.05	1.06	.98	.88	.84	.73	.67
Alabama . . . . .	.60	.82	.81	.98	1.07	.93	.95	.91	.80	.75	.65	.54
Mississippi . . . . .	.72	1.69	1.99	2.19	2.70	1.67	1.58	1.49	1.38	1.24	1.15	.97
East South Central . . . . .	.56	.95	1.15	1.35	1.38	1.10	1.08	1.01	.92	.86	.77	.68
Arkansas . . . . .	.78	.91	1.01	1.12	1.23	1.13	1.05	1.02	.97	.87	.78	.64
Louisiana . . . . .	.62	1.41	1.44	1.42	1.56	.90	.93	.80	.76	.70	.67	.59
Oklahoma . . . . .	.72	.92	1.22	1.41	.98	1.00	.96	.86	.81	.75	.66	.63
Texas . . . . .	.32	.55	.70	.90	.74	.75	.71	.69	.57	.55	.54	.49
West South Central . . . . .	.47	.74	.88	1.07	.92	.86	.81	.77	.70	.64	.60	.54
Montana . . . . .	.34	.75	.99	1.22	1.36	1.51	1.36	1.17	1.08	1.02	1.00	1.04
Idaho . . . . .	.52	.98	1.30	1.45	1.41	1.43	1.39	1.14	1.14	1.09	1.21	1.31
Wyoming . . . . .	.26	.55	.80	1.04	1.01	1.08	1.05	.84	.92	.86	.75	.78
Colorado . . . . .	.36	.81	1.19	1.32	1.36	1.60	1.58	1.43	1.27	1.15	1.11	1.03
New Mexico . . . . .	.26	.64	.96	1.04	.99	.82	.78	.95	.67	.61	.66	.71
Arizona . . . . .	.18	.71	1.32	1.21	1.46	1.20	1.18	.97	.88	.79	.97	.87
Utah . . . . .	.44	1.19	1.19	1.36	1.52	1.50	1.48	1.27	1.16	1.10	1.31	1.26
Nevada . . . . .	.38	.84	1.37	.96	1.38	1.25	1.30	1.32	1.27	1.46	1.33	1.33
Mountain . . . . .	.38	.84	1.12	1.25	1.26	1.33	1.32	1.16	1.05	.97	1.03	1.00
Washington . . . . .	.55	1.01	1.06	1.28	1.06	.84	.76	.70	.65	.58	.70	.92
Oregon . . . . .	.36	.73	.69	1.07	1.22	1.27	.92	.95	.65	.63	.67	.87
California . . . . .	.59	.86	.94	1.04	.82	1.19	1.16	1.04	.86	.88	.88	1.06
Pacific . . . . .	.54	.87	.95	1.08	.91	1.14	1.05	.97	.79	.80	.82	1.01
UNITED STATES . . . . .	.50	.79	1.07	1.30	1.15	1.22	1.18	1.08	.95	.91	.90	.90

1/ Derived from the tax-per-acre figures in Table 25 and value-per-acre figures based on Census reports and the farm real estate value indexes of the Bureau of Agricultural Economics. Revised 1940-45.

Table 28.- Farmers' mutual fire insurance, United States, 1914-45<sup>1/</sup>

Year	Companies 2/	Amount of insurance in force at end of year	Cost per \$100 of insurance			Surplus and reserves at end of year 3/
			Losses	Expenses	Total	
	Number	1,000 dol.	Cents	Cents	Cents	1,000 dol.
1914	1,947	5,264,119	20.4	6.0	26.4	-
1915	1,879	5,366,760	17.5	6.0	23.5	-
1916	1,883	5,635,968	19.6	5.9	25.5	-
1917	1,829	5,876,853	18.2	6.4	24.6	-
1918	1,866	6,391,522	18.8	6.3	25.1	-
1919	1,922	6,937,523	17.3	7.8	25.1	-
1920	1,944	7,865,988	17.4	8.4	25.8	-
1921	1,951	8,409,683	19.4	7.8	27.2	-
1922	1,918	8,769,948	20.9	5.8	26.7	-
1923	1,907	9,057,938	19.8	6.6	26.4	-
1924	1,929	9,487,029	20.4	6.5	26.9	-
1925	1,839	9,477,139	21.1	6.7	27.8	-
1926	1,911	9,988,580	19.4	6.9	26.3	-
1927	1,889	10,345,463	19.0	6.3	25.3	-
1928	1,884	10,781,212	20.5	6.6	27.1	-
1929	1,876	11,118,510	21.8	6.6	28.4	-
1930	1,886	11,382,104	24.8	6.8	31.6	-
1931	1,863	11,292,339	24.1	6.9	31.0	-
1932	1,847	10,974,082	24.9	7.1	32.0	-
1933	1,826	10,466,384	21.2	7.3	28.5	-
1934	1,852	10,571,508	19.7	7.2	26.9	-
1935	1,941	11,083,300	15.7	7.5	23.2	33,656
1936	1,936	11,339,510	20.7	7.4	28.0	35,083
1937	1,924	11,569,476	16.5	7.6	24.1	37,479
1938	1,914	11,868,569	18.0	8.0	26.0	40,105
1939	1,904	12,143,881	18.4	8.2	26.6	41,819
1940	1,898	12,294,287	17.1	8.1	25.2	45,474
1941	1,885	12,518,913	16.2	8.4	24.6	50,119
1942	1,877	12,982,390	14.6	8.1	22.7	55,797
1943	1,878	13,777,555	16.2	7.7	23.9	61,413
1944 <sup>4/</sup>	1,847	14,221,012	15.9	7.8	23.7	63,490
1945 <sup>5/</sup>	1,849	15,185,720	15.7	8.0	23.7	70,739

1/ For 1914-33 includes companies with more than 65 percent of their insurance on farm property. For later years includes companies with more than 50 percent of their insurance on farm property. About 88 percent of the total insurance is on farm property.

2/ Number of companies for which data were obtained; perhaps not entirely complete for any year.

3/ Excess of assets over liabilities. Most of the farmers' mutuals are assessment companies and as such are not required to set up unearned premium reserves. Data not compiled prior to 1935.

4/ Revised.

5/ Preliminary.

Data for 1914-33 and after 1941 from Bureau of Agricultural Economics; 1934-41 from Farm Credit Administration. Compiled from published State reports, supplemented by data supplied by State insurance officials, officers of farmers' mutuals, and others.



Table 23- Farmers' mutual fire insurance, by States, 1941<sup>1/</sup>

State and division	Companies	Amount of insurance in force at end of year	Cost per \$100 of insurance			Surplus and reserves at end of year <sup>2/</sup>
			Losses	Expenses	Total	
	Number	1,000 dollars	Cents	Cents	Cents	1,000 dollars
Maine . . . . .	38	100,482	37.4	25.8	63.2	310
New Hampshire . . . . .	14	39,178	27.0	28.1	55.1	314
Vermont . . . . .	4	99,014	40.4	8.9	49.3	239
Massachusetts <sup>3/</sup> . . . . .	0	0	0	0	0	0
Rhode Island . . . . .	2	5,000	9.4	14.6	24.0	173
Connecticut . . . . .	4	25,280	21.4	16.2	37.6	401
New England . . . . .	62	268,954	35.0	18.6	53.6	1,437
New York . . . . .	127	684,153	22.1	10.1	32.2	3,870
New Jersey . . . . .	11	177,241	14.6	17.9	32.5	1,991
Pennsylvania . . . . .	162	1,324,277	15.3	8.5	23.8	7,389
Middle Atlantic . . . . .	300	2,185,671	17.4	9.7	27.1	13,250
Ohio . . . . .	96	1,173,680	15.7	3.9	19.6	2,557
Indiana . . . . .	73	934,777	16.8	6.7	23.5	3,067
Illinois . . . . .	204	939,480	13.6	5.5	19.1	2,758
Michigan . . . . .	60	934,875	23.2	9.7	32.9	3,212
Wisconsin . . . . .	195	1,530,620	14.0	4.5	18.5	3,782
East North Central . . . . .	628	5,513,432	16.3	5.8	22.1	15,376
Minnesota . . . . .	156	1,264,383	10.3	4.0	14.3	3,493
Iowa . . . . .	190	1,637,083	13.3	4.7	18.0	5,487
Missouri . . . . .	115	404,377	21.1	7.7	28.8	1,539
North Dakota . . . . .	34	156,805	11.6	8.0	19.6	1,140
South Dakota . . . . .	42	370,802	8.1	5.0	13.1	1,374
Nebraska . . . . .	45	607,817	7.8	7.0	14.8	2,493
Kansas . . . . .	15	769,508	15.9	14.9	30.8	3,145
West North Central . . . . .	557	5,210,775	12.5	6.6	19.1	18,671
Delaware . . . . .	3	5,907	11.9	12.9	24.8	153
Maryland . . . . .	14	513,762	17.7	15.2	32.9	5,458
Virginia . . . . .	39	189,384	13.9	13.6	27.5	2,425
West Virginia . . . . .	14	90,732	9.9	12.9	22.8	1,126
North Carolina . . . . .	28	67,912	18.5	7.8	26.3	900
South Carolina . . . . .	9	12,350	27.5	20.8	48.3	342
Georgia . . . . .	20	31,774	28.1	14.9	43.0	567
Florida <sup>3/</sup> . . . . .	0	0	0	0	0	0
South Atlantic . . . . .	127	911,821	16.6	14.1	30.7	10,971
Kentucky . . . . .	17	90,790	20.9	16.4	37.3	1,628
Tennessee . . . . .	30	59,427	14.3	12.7	27.0	343
Alabama . . . . .	2	4,829	23.7	34.1	57.8	49
Mississippi <sup>3/</sup> . . . . .	0	0	0	0	0	0
East South Central . . . . .	49	155,046	18.5	15.5	34.0	2,020
Arkansas . . . . .	15	50,303	25.3	19.6	44.9	269
Louisiana <sup>3/</sup> . . . . .	0	0	0	0	0	0
Oklahoma . . . . .	6	100,482	36.5	21.3	57.8	955
Texas . . . . .	45	147,608	20.6	7.1	27.7	1,179
West South Central . . . . .	66	298,393	26.7	13.9	40.6	2,403
Montana . . . . .	12	28,394	12.9	8.2	21.1	150
Idaho . . . . .	9	83,757	14.0	8.5	22.5	349
Wyoming . . . . .	3	4,787	8.8	13.8	22.6	43
Colorado . . . . .	5	69,059	10.6	13.7	24.3	442
New Mexico <sup>3/</sup> . . . . .	0	0	0	0	0	0
Arizona <sup>3/</sup> . . . . .	0	0	0	0	0	0
Utah . . . . .	1	20,500	9.5	17.9	27.4	265
Nevada <sup>3/</sup> . . . . .	0	0	0	0	0	0
Mountain . . . . .	30	206,497	12.1	11.3	23.4	1,289
Washington . . . . .	5	93,447	21.5	16.3	37.8	1,484
Oregon . . . . .	5	45,900	13.5	12.9	26.4	573
California . . . . .	20	292,784	16.3	18.7	35.0	3,265
Pacific . . . . .	30	435,131	17.1	17.6	34.7	5,322
UNITED STATES . . . . .	1,849	15,185,720	15.7	8.0	23.7	70,739

<sup>1/</sup> Preliminary.

<sup>2/</sup> Excess of assets over liabilities. Most of the farmers' mutuals are assessment companies and as such are not required to set up unearned premium reserves.

<sup>3/</sup> No mutual fire insurance companies with more than 50 percent of their insurance on farm property.

Compiled from published State reports, supplemented by data supplied by State insurance officials, officers of farmers' mutuals, and others.

Table 30.- Cotton crop insurance, by States, crop of 1946, and United States, crops of 1942-43 and 1945-46 1/

States	Insurance coverage 2/			Amount of premiums 4/	Indemnities paid	
	Interests	Acreage	Production 3/		Number	Amount 4/
	Number	Acres	Pounds	Pounds	Number	Pounds
Alabama . . . . .	13,700	144,529	19,655,235	1,391,656	6,374	3,621,587
Arizona . . . . .	677	97,742	31,995,804	1,512,584	91	629,198
Arkansas . . . . .	7,296	189,346	27,809,947	1,981,097	3,647	6,980,351
California . . . . .	730	53,428	21,239,354	938,173	204	2,144,855
Florida . . . . .	134	717	45,743	3,255	28	4,090
Georgia . . . . .	11,286	143,912	18,583,664	1,187,481	4,155	2,665,858
Illinois . . . . .	300	2,635	469,649	37,667	187	143,581
Kentucky . . . . .	149	2,670	587,077	36,990	47	91,558
Louisiana . . . . .	5,703	124,783	24,012,500	1,722,150	5,022	10,016,446
Mississippi . . . . .	8,453	173,364	36,947,693	2,004,038	5,890	14,201,570
Missouri . . . . .	4,214	186,660	31,257,167	1,337,091	2,035	3,912,013
New Mexico . . . . .	1,717	58,925	17,745,412	863,504	420	2,234,828
North Carolina . . . . .	6,111	44,242	7,493,755	423,563	1,165	508,230
Oklahoma . . . . .	10,590	293,672	24,716,780	3,531,626	6,821	7,647,551
South Carolina . . . . .	8,728	114,087	18,382,138	1,259,368	1,348	888,024
Tennessee . . . . .	3,697	56,147	11,713,587	693,012	613	495,377
Texas . . . . .	47,592	2,617,237	234,371,534	24,294,720	34,885	93,208,423
Virginia . . . . .	505	2,049	347,282	26,150	41	10,105
United States:						
1946 . . . . .	131,582	4,306,145	527,400,321	43,246,125	72,975	149,403,645
1945 . . . . .	113,849	3,049,905	382,233,645	22,328,346	48,385	76,418,505
1943 . . . . .	164,998	2,690,279	386,690,312	30,744,370	60,632	56,800,979
1942 . . . . .	169,072	2,816,462	407,611,601	31,435,750	47,744	52,536,269
Total . . . . .	-	-	1,703,935,879	127,754,591	-	335,159,398

1/ Only American Upland cotton was insured in 1945 and 1946.

2/ Some duplication in acreage and production insured occurs when two "interests" on the same acreage are covered, as when land-lord's and tenant's interests on the same farm are insured. Except for this duplication, "interests" insured refers to farms. Although the Corporation was also liable for the loss of seed in case of claim, production insured includes only the insurance on the lint cotton and excludes the lint cotton equivalent of the seed.

3/ 1946 estimated.

4/ Premiums and indemnities as shown include an increase in poundage of lint cotton amounting to 20 percent in the case of American Upland cotton and 15 percent in the case of American-Egyptian cotton, to cover the loss of seed. Transactions are usually made in the cash equivalent.

Federal Crop Insurance Corporation.

Table 31.- Flax crop insurance, by States, crop of 1946, and United States, crops of 1945-46

States	Insurance coverage 1/			Amount of premiums 2/	Indemnities paid	
	Interests	Acreage	Production		Number	Amount 2/
	Number	Acres	Bushels	Bushels	Number	Bushels
California . . . . .	86	6,779	100,791	7,990	9	3,774
Iowa . . . . .	92	1,685	8,866	1,083	2	32
Kansas . . . . .	1,352	22,563	93,140	13,660	463	13,207
Michigan . . . . .	166	2,222	15,208	1,544	52	1,342
Minnesota . . . . .	7,521	184,776	954,826	120,703	2,468	137,123
Missouri . . . . .	45	987	3,540	715	15	223
Montana . . . . .	37	1,879	4,863	1,169	34	2,499
North Dakota . . . . .	909	39,466	97,799	14,698	249	16,470
Oklahoma . . . . .	23	724	2,446	349	3	338
South Dakota . . . . .	559	15,340	56,356	10,699	209	8,703
Texas . . . . .	6	366	1,531	314	0	0
Wisconsin . . . . .	23	244	1,678	248	9	207
United States:						
1946 . . . . .	10,819	277,030	1,341,044	173,132	3,513	183,918
1945 . . . . .	31,789	789,142	3,670,577	487,076	6,936	288,769

1/ Some duplication in acreage and production insured occurs when two "interests" on the same acreage are covered, as when land-lord's and tenant's interests on the same farm are insured. Except for this duplication, "interests" insured refers to farms.

2/ Premiums and indemnities are determined in bushels of flax, although transactions are usually made in the cash equivalent.

Federal Crop Insurance Corporation.

Table 32.- Wheat Crop Insurance, by States, crop of 1945-46, and United States, crops of 1939-43 and 1945-46

State	Insurance coverage <sup>1/</sup>			Amount of premiums <sup>2/</sup>	Indemnities paid	
	Interests	Acreage	Production		Number	Amounts <sup>2/</sup>
	Number	Acres	Bushels	Bushels	Number	Bushels
Arizona	45	1,648	18,184	1,841	32	7,789
California	1,871	220,654	2,212,824	222,275	454	283,627
Colorado	3,112	204,830	1,657,964	335,196	1,010	252,700
Delaware	475	11,777	132,433	5,907	52	3,221
Idaho	2,968	172,917	2,298,718	158,818	230	42,175
Illinois	26,088	547,282	4,924,048	494,407	8,536	591,217
Indiana	32,261	459,109	5,091,174	421,107	2,011	89,403
Iowa	4,186	101,212	1,123,018	176,146	506	60,912
Kansas	27,470	1,246,940	9,423,901	1,139,626	5,153	540,433
Kentucky	1,815	31,077	320,614	20,572	550	36,970
Maryland	4,657	111,602	1,423,650	65,060	867	61,757
Michigan	30,191	319,126	4,955,979	273,658	2,967	119,390
Minnesota	9,040	245,272	1,947,193	200,809	1,523	88,242
Missouri	19,692	476,545	4,088,052	547,687	5,867	467,407
Montana	5,827	580,258	6,064,351	973,802	2,084	888,076
Nebraska	20,731	676,294	5,784,488	877,571	2,302	173,501
Nevada	24	450	9,548	978	10	1,523
New Jersey	575	9,311	156,784	7,393	36	3,059
New Mexico	567	19,472	128,135	33,441	479	85,308
New York	3,110	31,920	490,156	33,095	621	34,533
North Carolina	2,997	26,170	391,059	10,175	123	3,619
North Dakota	10,334	797,107	5,037,798	672,135	704	118,790
Ohio	35,108	463,962	5,819,547	388,840	1,570	65,308
Oklahoma	9,794	739,637	4,802,651	498,733	2,604	494,546
Oregon	1,808	204,139	2,574,846	152,257	198	44,268
Pennsylvania	10,620	126,887	1,654,644	102,111	714	37,517
South Dakota	7,349	434,704	2,542,718	573,563	667	129,989
Tennessee	1,481	21,050	164,280	10,127	412	13,724
Texas	4,058	360,073	2,304,640	433,414	1,648	453,625
Utah	2,978	88,871	1,114,436	96,532	527	91,918
Virginia	3,989	56,416	656,490	30,288	308	14,935
Washington	2,353	373,590	4,188,609	180,972	136	46,495
West Virginia	1,230	17,573	187,637	10,693	138	4,754
Wisconsin	2,909	16,163	199,528	20,635	320	10,260
Wyoming	337	29,795	269,521	56,497	23	6,442
United States:						
1946	292,050	9,223,833	84,159,618	9,226,361	45,382	5,367,433
1945 <sup>3/</sup>	19,494	1,098,637	8,042,204	1,083,824	2,207	471,616
1943	357,733	8,148,800	75,264,000	8,035,124	133,076	13,209,955
1942	400,043	9,631,265	88,063,150	8,769,715	108,368	10,574,927
1941	371,390	11,734,263	104,306,380	12,643,051	130,774	18,857,243
1940	360,596	12,754,834	108,284,574	13,796,798	112,762	22,898,147
1939	165,775	7,010,390	60,826,075	6,670,315	55,932	10,163,899
Total	-	-	1528,946,001	60,225,188	-	81,543,220

<sup>1/</sup> Some duplication in acreage and production insured occurs when two "interests" on the same acreage are covered, as when landlord's and tenant's interests on the same farm are insured. Except for this duplication, "interests" insured refers to farms.

<sup>2/</sup> Premiums and indemnities are determined in bushels of wheat, although transactions are usually made in the cash equivalent.

<sup>3/</sup> Only spring wheat was insured in 1945.

Federal Crop Insurance Corporation.

Table 33.- Comparative balance sheet of agriculture, United States, January 1, 1940-47 1/

Item	1940	1941	1942	1943	1944	1945	1946	1947	Net change				
									1940-47		1946-47		
									Percent	Million dollars	Percent	Million dollars	
ASSETS													
Physical assets:													
Real estate . . . . .	33,642	33,497	35,331	37,855	42,532	46,389	52,114	58,604	+74	+24,962	+12	+6,490	
Non-real-estate:													
Livestock . . . . .	5,133	5,325	7,074	9,642	9,665	9,012	9,742	11,979	+133	+6,846	+23	+2,237	
Machinery and motor vehicles . . . . .	3,135	3,241	3,781	4,573	5,418	6,235	6,192	6,889	+120	+1,754	+11	+697	
Crops, stored on and off farms 2/ . . . . .	2,645	2,944	3,798	5,110	6,079	6,388	6,030	6,894	+161	+1,249	+14	+664	
Household equipment . . . . .	4,275	4,299	4,386	4,265	4,276	4,232	4,435	4,766	+11	+491	+8	+351	
Financial assets:													
Deposits and currency . . . . .	3,900	4,300	5,300	7,000	9,100	10,800	13,700	15,100	+287	+11,200	+10	+1,400	
United States savings bonds . . . . .	249	357	522	1,184	2,422	3,950	4,998	5,371	+2,057	+5,122	+7	+373	
Investment in cooperatives . . . . .	826	875	953	1,044	1,140	1,262	1,417	1,606	+94	+780	+13	+189	
Total . . . . .	53,805	54,836	61,145	70,673	80,652	88,268	98,608	111,209	+107	+57,404	+13	+12,601	
LIABILITIES													
Real estate mortgages . . . . .	6,586	6,491	6,372	5,951	5,389	4,933	4,682	4,777	-27	-1,809	+2	+95	
Non-real-estate debt:													
To principal institutions:													
Excluding loans held or guaranteed by Commodity Credit Corporation . . . . .	1,538	1,673	1,805	1,667	1,683	1,619	1,668	1,955	+27	+417	+17	+287	
Loans held or guaranteed by Commodity Credit Corporation . . . . .	445	630	610	772	589	683	277	65	-85	-380	-77	-212	
To others 3/ . . . . .	1,455	1,675	1,748	1,464	1,180	1,132	1,170	1,500	+3	+45	+28	+330	
Total . . . . .	10,024	10,469	10,535	9,854	8,841	8,367	7,797	8,297	-17	-1,727	+6	+500	
CAPITAL													
Proprietors' equities . . . . .	43,781	44,369	50,610	60,819	71,811	79,901	90,811	102,912	+135	+59,131	+13	+12,102	
Total, liabilities and equities	53,805	54,836	61,145	70,673	80,652	88,268	98,608	111,209	+107	+57,404	+13	+12,601	

1/ Revised series. The margin of error of the estimates varies with the items.

2/ Includes all crops held on farms and crops held in bonded warehouses as security for Commodity Credit Corporation loans. The latter on January 1, 1947 totaled 28 million dollars.

3/ Tentative. Includes individuals, merchants, dealers, and other miscellaneous lenders.

Table 34.- Comparative income statement for agriculture, United States, 1940-46 1/

Item	1940	1941	1942	1943	1944	1945	1946
Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
<b>HOW NET INCOME WAS OBTAINED</b>							
1. Gross income from agriculture:							
2. Cash receipts from farm marketings	8,366	11,190	15,389	19,499	20,371	21,517	24,519
3. Value of products retained on farms for home consumption	1,254	1,460	1,781	2,149	2,192	2,257	2,636
4. Rental value of farm houses	624	658	702	755	820	889	978
5. Total	10,244	13,308	17,872	22,363	23,383	24,663	28,133
6. Nonlabor production costs:							
7. Feed bought	998	1,089	1,625	2,137	2,427	2,845	3,031
8. Livestock bought, except horses and mules	178	602	802	778	688	870	1,051
9. Fertilizer and lime bought	261	292	352	423	476	510	621
10. Vehicle operation	368	633	735	851	942	1,010	1,084
11. Depreciation and maintenance	1,096	1,235	1,402	1,576	1,867	2,069	2,210
12. Interest on non-real-estate debt 2/	212	235	230	198	181	188	208
13. Other operating expenses	517	699	890	1,022	1,098	1,130	1,263
14. Taxes on real estate and tangible personalty	445	457	461	472	495	554	617
15. Total	-4,696	-5,240	-6,497	-7,457	-8,174	-9,176	-10,025
16. Adjustment for changes in inventory 3/	+6	+174	+928	+516	-402	-439	-19
17. Total net income from agriculture	5,654	8,142	12,303	15,457	15,048	15,048	18,089
18. Government payments 4/	+766	+586	+697	+672	+804	+769	+800
19. Total net income from agriculture and Government payments	6,420	9,028	13,000	16,114	15,817	15,817	18,889
20. Net return to investment in farming:							
21. Return to capital -							
22. Net rent and Government payments to landlords							
23. Not living on farms 5/	460	656	964	1,115	1,194	1,193	1,255
24. Farm mortgage interest	1/ 293	1/ 266	1/ 273	1/ 267	1/ 236	1/ 228	1/ 228
25. Capital return to operators	5/	5/	5/	5/	5/	5/	5/
26. Total	5/	5/	5/	5/	5/	5/	5/
27. Return to management							
28. Entrepreneurs' profit and loss	5/	5/	5/	5/	5/	5/	5/
29. Total to operators 6/	4,537	6,848	10,137	12,723	11,997	12,097	14,870
30. Total net income from agriculture and Government payments	6,420	9,028	13,000	16,114	15,817	15,817	18,889

1/ Revised series. The margin of error of the estimates varies with the items.

2/ Includes an allowance for interest on an indeterminate amount of miscellaneous debt.

3/ Market value, in terms of prices at the end of the year, of the increase or decrease in the physical quantities of crops on farms for sale or of numbers of livestock whether or not for sale.

4/ Includes some payments that are comparable to certain items included in item 1. Thus receipts from loans made or guaranteed by CCC are included in item 1, whereas wartime consumers' price subsidies to dairy and other farmers are included in item 16.

5/ Unavailable.

6/ After subtraction of estimated payments for taxes, mortgage interest, and other expenses paid by such landlords.

7/ Tentative.

8/ Reflects the adjustment for changes in inventory values and represents the difference between items 17 and the sum of items 18, 22, and 23.

Based on "Net Farm Income and Parity, 1940-46," The Farm Income Situation, B.A.E., June-July 1947.



Table 35.- Farm real estate: Index numbers of estimated value per acre, by States, for selected years, 1915-47<sup>1/</sup>  
(1912-14 = 100)

State and division	1915	1920	1925	1930	1935	1940	1942	1943	1944	1945	1946	1947
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Maine . . . . .	96	142	124	124	94	95	97	99	112	119	125	134
New Hampshire . . . . .	101	129	111	111	90	94	97	100	107	117	122	136
Vermont . . . . .	104	150	125	123	101	101	102	110	119	129	144	166
Massachusetts . . . . .	98	140	132	131	111	113	114	115	125	133	141	145
Rhode Island . . . . .	102	130	128	134	118	120	126	127	139	144	159	174
Connecticut . . . . .	100	137	137	140	123	124	133	134	144	150	166	186
New England . . . . .	99	140	127	127	104	106	109	112	122	130	140	152
New York . . . . .	100	133	111	103	84	86	87	97	101	109	120	138
New Jersey . . . . .	100	130	124	125	111	116	128	136	141	151	164	185
Pennsylvania . . . . .	100	140	114	107	82	90	95	104	111	123	130	143
Middle Atlantic . . . . .	100	136	114	106	85	90	94	103	109	119	128	144
Ohio . . . . .	107	159	110	90	66	77	89	97	111	121	140	158
Indiana . . . . .	102	161	102	80	61	74	88	98	112	124	145	158
Illinois . . . . .	102	160	115	91	61	75	86	91	105	112	124	141
Michigan . . . . .	105	154	133	121	83	91	105	115	134	145	167	194
Wisconsin . . . . .	104	171	130	117	82	84	88	92	102	110	120	135
East North Central . . . . .	104	161	116	96	68	78	89	96	110	119	134	152
Minnesota . . . . .	107	213	159	133	83	86	90	100	110	115	129	143
Iowa . . . . .	112	213	136	113	67	74	80	87	101	107	121	134
Missouri . . . . .	102	167	112	92	58	59	66	74	82	91	102	113
North Dakota . . . . .	103	145	109	95	67	52	55	58	70	76	83	92
South Dakota . . . . .	101	181	115	93	54	41	42	47	57	62	68	77
Nebraska . . . . .	101	179	123	113	72	58	59	64	77	86	96	108
Kansas . . . . .	103	151	115	113	73	71	74	84	96	111	120	140
West North Central . . . . .	105	184	126	109	68	65	69	76	88	96	106	119
Delaware . . . . .	100	139	112	111	82	89	96	108	111	123	137	160
Maryland . . . . .	104	166	131	123	91	100	111	124	136	147	165	196
Virginia . . . . .	97	189	154	134	97	112	118	131	146	171	200	224
West Virginia . . . . .	101	154	120	105	78	85	90	99	105	106	121	137
North Carolina . . . . .	102	223	187	158	111	138	150	161	193	224	268	310
South Carolina . . . . .	94	230	138	104	76	89	103	112	136	162	172	196
Georgia . . . . .	94	217	116	100	72	82	93	103	120	132	146	173
Florida . . . . .	97	178	172	172	126	133	140	150	161	185	204	226
South Atlantic . . . . .	98	198	148	128	93	107	117	127	145	166	189	217
Kentucky . . . . .	100	200	140	127	87	113	129	147	165	189	221	264
Tennessee . . . . .	100	200	137	123	91	108	123	139	160	177	213	243
Alabama . . . . .	98	177	154	143	110	122	129	139	160	180	208	247
Mississippi . . . . .	97	218	136	122	90	106	122	133	145	165	196	216
East South Central . . . . .	99	199	141	128	93	112	126	141	159	179	212	246
Arkansas . . . . .	95	222	160	141	88	95	111	123	141	167	180	214
Louisiana . . . . .	95	198	141	132	103	121	129	145	154	162	175	205
Oklahoma . . . . .	95	166	131	127	86	93	101	111	120	131	156	169
Texas . . . . .	103	174	146	138	91	99	105	109	124	132	150	165
West South Central . . . . .	100	172	144	136	91	99	105	112	125	139	154	170
Montana . . . . .	100	126	75	72	50	55	62	69	80	89	102	117
Idaho . . . . .	96	172	123	116	80	86	94	106	124	140	153	160
Wyoming . . . . .	103	176	100	98	62	68	78	88	102	115	132	147
Colorado . . . . .	93	141	92	83	53	61	69	78	93	108	125	141
New Mexico . . . . .	100	144	108	110	76	84	95	101	117	132	151	168
Arizona . . . . .	97	165	121	123	91	95	102	110	127	145	158	176
Utah . . . . .	98	167	130	126	84	89	93	100	112	121	127	136
Nevada . . . . .	102	135	102	99	65	70	73	78	87	92	100	107
Mountain . . . . .	98	151	105	102	70	76	84	92	107	120	134	149
Washington . . . . .	100	140	113	110	76	84	91	101	120	133	153	170
Oregon . . . . .	99	130	110	107	74	84	91	99	117	130	143	152
California . . . . .	111	167	164	160	115	121	128	141	168	193	219	244
Pacific . . . . .	107	156	146	142	101	108	115	126	150	171	194	215
UNITED STATES . . . . .	103	170	127	115	79	84	91	99	114	126	142	159

<sup>1/</sup> All farm lands, including improvements, as of March 1.

Table 36.- Farm real estate: Land transfers and value, United States, 1926-47

Year	Estimated number of farms changing ownership per 1,000 farms <sup>1/</sup>				Index of estimated value per acre <sup>3/</sup> (1912-14 = 100)
	Voluntary sales and trades	Forced sales and related defaults	Others <sup>2/</sup>	Total	
	Number	Number	Number	Number	Percent
1926	29.6	21.6	10.2	61.4	124
1927	28.3	23.3	16.9	68.5	119
1928	26.3	22.8	16.9	66.0	117
1929	23.5	19.5	15.0	58.0	116
1930	23.7	20.8	17.0	61.5	115
1931	19.0	26.1	16.8	61.9	106
1932	16.2	41.7	18.8	76.7	89
1933	16.8	54.1	22.7	93.6	73
1934	17.8	39.1	21.7	78.6	76
1935	19.4	28.3	21.4	69.1	79
1936	24.8	26.2	21.9	72.9	82
1937	31.5	22.4	20.1	74.0	85
1938	30.5	17.4	17.5	65.4	85
1939	29.7	17.0	17.1	63.8	84
1940	30.2	15.9	16.9	63.0	84
1941	34.1	13.9	15.7	63.7	85
1942	41.7	9.3	15.1	66.1	91
1943	45.8	6.6	21.2	67.0	99
1944	55.9	4.9	20.2	76.1	114
1945	51.5	3.0	18.2	69.7	126
1946	<sup>4/</sup> 57.4	2.3	15.3	<sup>4/</sup> 75.0	142
1947	57.7	1.8	16.4	75.9	159

<sup>1/</sup> Year ending March 15. <sup>2/</sup> Largely inheritances, gifts, and sales in settlement of estates; also includes a small number of miscellaneous and unclassified transfers. <sup>3/</sup> As of March 1. <sup>4/</sup> Revised.

Table 37.- Cash receipts from farming, and indexes of prices received by farmers, of prices paid by farmers, and of rural retail sales, 1929-47

Year and month	Cash receipts from farming <sup>1/</sup>	Prices received by farmers (Aug. 1909-July 1914=100)	Prices paid by farmers (1910-14=100)	Rural retail sales <sup>2/</sup> (1929-31=100)
	Million dollars	Percent	Percent	Percent
1929	11,296	149	154	125
1930	9,021	128	146	99
1931	6,371	90	126	78
1932	4,743	68	108	63
1933	5,445	72	108	66
1934	6,780	90	122	84
1935	7,659	109	125	99
1936	8,654	114	124	115
1937	9,217	122	131	122
1938	8,168	97	123	114
1939	8,684	95	121	127
1940	<sup>1/</sup> 9,132	100	122	134
1941	<sup>1/</sup> 11,776	124	131	169
1942	<sup>1/</sup> 16,086	159	152	191
1943	<sup>1/</sup> 20,131	192	167	187
1944	<sup>1/</sup> 21,175	195	176	193
1945	22,286	202	180	203
1946:	25,319	233	203	299
August	<sup>1/</sup> 2,388	249	214	352
September	2,123	243	210	322
October	3,401	273	218	266
November	2,999	263	224	290
December	2,438	264	225	229
1947:				
January	2,284	260	227	315
February	1,897	262	234	346
March	2,076	280	240	377
April	1,914	276	243	335
May	2,026	272	242	319
June	2,211	271	244	316
July	<sup>4/</sup> 2,657	276	244	333
August	<sup>4/</sup> 2,505	276	249	375

<sup>1/</sup> Farm marketing. Includes Government payments. <sup>2/</sup> Monthly figures adjusted for seasonal variation. Dept. of Commerce.  
<sup>3/</sup> Revised. <sup>4/</sup> Excludes Government payments.

Table 38.- Deposits of country banks: Index numbers of demand, time, and total deposits, for selected groups of States, 1940-47 1/ (1924-29 = 100)

Year and month	Twenty leading agricultural States 2/				Three Lake States 3/			Five Corn Belt States 4/			Eight cotton-growing States 5/		
	Total	Demand		Time	Total	Demand	Time	Total	Demand	Time	Total	Demand	Time
		Unad-justed	Adjusted for sea-sonal varia-tions										
1940	102	116		87	97	120	86	109	126	92	96	112	81
1941	116	138		92	105	140	89	129	154	102	110	134	84
1942	141	184		94	120	179	91	160	207	108	139	186	84
1943	201	283		100	159	268	107	224	316	122	196	283	86
1944	257	365		120	201	333	137	290	413	154	247	360	102
1945	329	462		156	254	404	181	368	516	203	328	478	136
1946:	395	556		187	311	494	222	442	618	244	395	577	165
Aug.	399	558	569	190	315	496	228	447	622	250	392	569	169
Sept.	401	562	562	192	322	511	230	446	618	252	396	576	170
Oct.	402	562	554	193	320	501	232	445	617	252	403	589	171
Nov.	406	568	558	194	320	499	233	454	632	255	409	597	173
Dec.	405	565	559	195	316	488	233	455	633	256	408	595	174
1947:													
Jan.	406	563	556	197	315	480	235	458	634	258	405	587	177
Feb.	404	559	552	199	316	479	237	455	629	260	403	580	180
Mar.	404	558	554	200	317	481	238	455	629	262	402	578	182
Apr.	400	550	552	201	314	470	240	452	620	264	395	563	182
May	399	547	554	202	314	466	240	452	619	265	390	554	183
June	398	544	556	203	314	464	242	451	616	266	386	547	182
July	402	550	562	205	315	466	243	454	620	269	386	543	184
Aug.	410	562	573	206	321	480	245	460	631	271	386	543	184
	Three Delta States 6/				Texas-Oklahoma			Four Great Plains States 7/			Eight Mountain States 8/		
	Total	Demand		Time	Total	Demand	Time	Total	Demand	Time	Total	Demand	Time
1940	100	108		88	116	116	118	90	113	60	105	121	85
1941	114	130		91	132	134	124	99	129	60	117	139	89
1942	148	186		90	161	169	114	127	176	60	141	179	90
1943	203	277		92	244	268	100	195	292	63	211	291	101
1944	258	354		112	313	347	100	251	382	74	271	376	125
1945	342	465		153	417	464	126	316	477	94	345	474	165
1946:	411	558		193	489	546	141	388	593	111	419	581	197
Aug.	404	543		199	491	550	137	395	603	114	414	569	201
Sept.	405	544		198	490	548	138	400	613	114	412	570	196
Oct.	411	553		201	493	551	139	401	616	115	426	594	198
Nov.	419	564		203	498	557	139	402	618	116	439	615	201
Dec.	419	564		204	497	556	142	403	617	117	440	616	202
1947:													
Jan.	423	568		207	492	550	141	408	625	118	434	604	204
Feb.	425	569		211	486	542	143	411	629	120	425	590	204
Mar.	427	570		214	481	537	145	415	636	120	426	591	205
Apr.	419	557		214	479	534	147	413	631	122	423	585	206
May	417	552		217	474	529	148	411	627	123	418	577	203
June	412	544		215	481	536	149	406	618	124	410	563	205
July	407	534		218	495	553	153	412	627	124	406	555	204
Aug.	405	531		219	503	561	151	430	656	127	412	565	204

1/ Based upon data reported by member banks of the Federal Reserve System located in places of less than 15,000 population (1940 Census). Deposits for each State are weighted each month by the cash farm income of the State in the base period. Annual figures are simple averages of monthly indexes which are based on averages of daily deposits.

2/ Ark., Ga., Ill., Ind., Iowa, Kans., Mich., Minn., Miss., Mo., Nebr., N. Y., N. C., No. Dak., Ohio, Okla., Pa., S. Dak., Texas, and Wis.

3/ Mich., Wis., and Minn.

4/ Ohio, Ind., Ill., Mo., and Iowa.

5/ N. C., S. C., Ga., Ala., Miss., Ark., La., and Okla.

6/ Miss., Ark., and La.

7/ N. Dak., S. Dak., Nebr., and Kans.

8/ Mont., Idaho, Wyo., Colo., N. Mex., Ariz., Utah, and Nev.

Table 39.-- Bond rates and yields and money rates, 1930-47

Year or quarter	Federal land bank bonds 1/		Federal Farm Mortgage Corporation bonds 1/		Federal intermediate credit bank debenture rates 1/ 5/		United States Government bond yields 5/		Industrial bond yields 3/	Rates on prime commercial paper (1-6 months) 5/ 10/		Federal reserve bank discount rates, New York 5/ 11/	
	Rates 2/	Yields 1/	Rates 2/	Yields 1/	Percent	Percent	Partially tax-exempt bonds 1/ 5/	Fully taxable bonds 7-9 years 5/ 15 years and over	Percent	Percent	Percent	Percent	Percent
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1930 .....	4.53	4.56				3.39	3.29		5.25	3.59		2	4 1/2
1931 .....	4.52	5.13				3.21	3.34		6.08	2.53		1	1 1/2-3 1/2
1932 .....	4.53	5.32				3.33	3.68		6.71	2.73		2	1 1/2-3 1/2
1933 .....	4.45	5.18				2.55	3.31		5.34	1.72		2	3 1/2
1934 .....	4.24	4.17	2.99	3.11		1.63	3.12		4.52	1.02		1	1 1/2-2
1935 .....	3.86	3.13											
1936 .....	3.60	2.81	2.87	2.77		1.50	2.79		4.02	.76			1 1/2
1937 .....	3.54	2.75	2.87	2.42		1.50	2.68		3.50	.75		1	1 1/2
1938 .....	3.53	2.77	2.88	1.75		1.24	2.56		3.50	.95		1	- 1 1/2
1939 .....	3.53	1.90	2.98	1.07		.88	2.36		3.50	.81			1
1940 .....	3.53	1.70	3.00	.59		.75	2.21		3.10	.56			1
1941 .....	3.53	-	3.00	12/ .70		.70	2.05		2.95	.54			1
1942 .....	3.48	-	13/ 2.93	12/ .90		.77	2.09	1.93	2.46	.66			1
1943 .....	3.42	-	15/ 3.03	16/ .64		.81	1.98	1.96	2.47	.69			1
1944 .....	3.06	-	15/ 1.00	16/ .16		.87	1.92	1.94	2.48	.73			1
1945 .....	2.45	-	15/ 1.00	16/ .16		.88	1.66	1.60	2.37	.75			1
1946:													
Jan.-Mar.	2.01	1.21	15/ 1.00	16/ .16		.86	-	1.29	2.14	.75			1
Apr.-June	1.54	1.34	15/ 1.00	16/ .16		.89	-	1.42	2.14	.75			1
July-Sept.	1.55	1.39	-	-		.98	-	1.50	2.23	.80			1
Oct.-Dec.	1.55	1.51	-	-		1.00	-	1.59	2.25	.94			1
1947:													
Jan.-Mar.	1.55	1.45	-	-		1.04	-	1.54	2.62	1.00			1
Apr.-June	1.55	1.43	15/ 1.00	16/ .16		1.08	-	1.54	2.60	1.00			1
July-Sept.	1.55	1.40	15/ 1.00	16/ .16		1.13	-	1.55	2.64	1.02			1

1/ Farm Credit Administration.

2/ Based on bonds outstanding at end of each year or quarter, excluding bonds owned by issuing agency.

3/ Average of daily yields on issues callable after 5 years. Between May 1, 1941 and Jan. 31, 1945, all outstanding bonds were callable in 5 years or less. Yields for 1945 not shown because of refinancing activities. Beginning with 1946, data represent yields on bonds issued after Jan. 31, 1945 and due or callable between 1948 and 1955; these yields are to call data where price was above par, but to maturity where price was at or below par.

4/ Average of daily yields on all outstanding issues with a minimum original term of 7 years or more.

5/ Based on debentures issued during each year or quarter.

6/ Board of Governors of Federal Reserve System.

7/ For 1930-40, figures represent averages of daily yields on all outstanding issues due or callable in more than 12 years. Beginning in 1941, series shows averages of yields on all outstanding issues due or callable in more than 15 years, of which none were outstanding after 1945.

8/ Beginning Dec. 15, 1945, includes Treasury bonds of June 1952-54, June 1952-55, December 1952-54, and March 1956-58.

9/ Moody's Investors Service.

10/ Prevailing open-market rates in New York City.

11/ Discount rate on advances secured by Government obligations maturing or callable beyond 1 year and discounts of and advances secured by eligible paper. A rate of one-half of 1 percent was effective from Oct. 30, 1942 to Apr. 23, 1946, on advances secured by Government obligations maturing or callable in 1 year or less.

12/ Excludes two issues quoted on a negative-yield basis.

13/ Includes some 1-percent bonds held by United States Treasury.

14/ Both of the bond issues included were callable in 1944.

15/ Represents only one issue of bonds.

16/ After May 15, 1944, all outstanding bonds held by United States Treasury.

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Federal Seed-Loan Financing and Its Relation to Agricultural Rehabilitation and Land Use . . . . .	U.S.D.A. Tech. Bul. 539 1936
Demand Deposits of Country Banks (From Supt. of Documents, Govt. Print. Off., 5¢) . . . . .	" " " 575 1937
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Farm-Mortgage Debt Declines During 1945 but at Slower Rate (Processed) . . . . .	June 1946
Farm-Mortgage Debt in the United States: 1945 (In cooperation with Bureau of the Census - Processed) . . . . .	Nov. 1947
Farm-Mortgage Debt in the United States, 1940-47 (Processed) . . . . .	Nov. 1947
<u>Farm Taxation:</u>	
A Graphic Summary of Farm Taxation . . . . .	U.S.D.A. Misc. Pub. 262 1937
Farm Property Taxes and Their Relation to Parity Determinations (Processed) . . . . .	Nov. 1941
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Postwar Federal Finance and Agriculture (Processed) . . . . .	Aug. 1945
Farm Real Estate Taxes in 1946 (Also releases for earlier years - Processed) . . . . .	July 1947
<u>Farm Insurance:</u>	
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Analysis of Variations in Rice Yields in Arkansas, Louisiana and Texas (Processed) . . . . .	July 1946



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- \*Wartime Taxation and the Farmer.
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